

BROWNSVILLE AREA SCHOOL DISTRICT

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2012

BROWNSVILLE AREA SCHOOL DISTRICT
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2012

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Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT ON THE SUPPLEMENTARY SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

Members of the Board
Brownsville Area School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of BROWNSVILLE AREA SCHOOL DISTRICT as of and for the year ended June 30, 2012 which collectively comprise BROWNSVILLE AREA SCHOOL DISTRICT's basic financial statements, and have issued our report thereon dated December 7, 2012. These financial statements are the responsibility of BROWNSVILLE AREA SCHOOL DISTRICT's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brownsville Area School District's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Pittsburgh, Pennsylvania
December 7, 2012

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BROWNSVILLE AREA SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass Through Grantor/ Project Title	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Total Received for the Year	Accrued or (Deferred) Revenue 6/30/2011	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 6/30/2012
<u>US Department of Education</u>								
Passed through the Pennsylvania Department of Education								
TITLE I	84.010	013-110052	2010-11	\$ 854,248	\$ (191,053)	\$ 1,045,311	\$ 1,045,311	* \$ -
TITLE I	84.010	013-120052	2011-12	739,676	-	1,017,433	1,017,433	* 277,757
Academic Achievement Award	84.010	077-100052	2009-10	-	(1,773)	1,773	1,773	* -
Academic Achievement Award	84.010	077-110052	2010-11	4,000	3,859	141	141	* -
TITLE II-A	84.367	020-100052	2009-10	18,055	18,055	-	-	-
TITLE II-A	84.367	020-110052	2010-11	165,380	(101,146)	266,526	266,526	-
TITLE II-A	84.367	020-120052	2011-12	109,298	-	149,986	149,986	40,688
TITLE II-D EETT	84.318	065-100052	2009-11	9,787	6,698	3,091	3,091	-
ARRA-SFSF	84.394	126-110052	2010-11	467,888	467,666	-	-	-
ARRA-Education Jobs Fund	84.410	140-691822	2010-11	-	-	12,888	12,888	12,888
IDEA Part B	84.027	062-120001	2011-12	297,470	-	297,470	297,470	-
ARRA- IDEA B	84.391	128-110001	2010-11	1,585	1,585	-	-	-
IDEA B Sec 619	84.473		2011-12	2,754	-	2,754	2,754	-
Total US Department of Education				2,689,919	203,879	2,797,373	2,797,373	331,333
<u>US Department of Agriculture</u>								
Passed through the Pennsylvania Department of Education								
Summer Food Program	10.559	264	2011-12	39,887	12,109	36,064	36,064	* 8,286
After School Snacks	10.555	359	2011-12	6,433	-	6,433	6,433	* -
Lunch Hi/Low	10.555	362	2011-12	493,570	-	493,570	493,570	* -
Severe need Breakfast	10.553	367	2011-12	175,287	-	175,287	175,287	* -
Passed through Pennsylvania Department of Agriculture								
Donated Commodity	10.555	N/A	2011-12	65,106	-	48,810	48,810	* (16,296)
Donated Commodity	10.559	N/A	2011-12	1,011	-	1,011	1,011	* -
Total US Department of Agriculture				781,294	12,109	761,175	761,175	(8,010)
<u>US Department of Health and Human Services</u>								
Passed through the Pennsylvania Department of Public Welfare								
Administrative Claiming Program	93.778	Title 19	2011-12	3,214	1,742	1,472	1,472	-
Total US Department of Health and Human Services				3,214	1,742	1,472	1,472	-
Total Federal Awards				\$ 3,464,427	\$ 217,730	\$ 3,560,020	\$ 3,560,020	\$ 323,323

* Denotes tested as a major program

BROWNSVILLE AREA SCHOOL DISTRICT
 NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2012

NOTE 1: REPORTING ENTITY

The Brownsville Area School District (the "School District") is the reporting entity for financial reporting purposes as defined in Note 1 to the School District's financial statements.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards has been prepared on the basis of accounting practices prescribed or permitted by the Manual of Accounting and Related Financial Procedures for Pennsylvania School Systems, issued by the Pennsylvania Department of Education. These practices, as they apply to the School District, are in conformity with U.S. generally accepted accounting principles.

NOTE 3: PROGRAM CLUSTERS

The following program clusters, as defined by OMB Circular A-133, were treated as a single program for determining major programs:

<u>Cluster name</u>	<u>CFDA #</u>	<u>Amount</u>
	10.553	\$ 175,287
Child Nutrition Cluster	10.555	548,813
	10.559	<u>37,075</u>
		<u>\$ 761,175</u>
Special Education Cluster (IDEA)	84.027	\$ 297,470
	84.173	<u>2,754</u>
		<u>\$ 300,224</u>

BROWNSVILLE AREA SCHOOL DISTRICT
 NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 YEAR ENDED JUNE 30, 2012

NOTE 4: RISK-BASED AUDIT APPROACH

The following Low Risk Type A programs were not audited as major:

<u>Funding Source</u>	<u>Program</u>
84.367	Title II-A, Improving Teacher Quality
84.173/84.027	Special Education Cluster

The amount expended under programs audited as major federal programs for the year ended June 30, 2012, totaled \$2,825,833 or 79.38% of total federal awards expended.

Zelenkofske Axelrod LLC

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Board
Brownsville Area School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of BROWNSVILLE AREA SCHOOL DISTRICT as of and for the year ended June 30, 2012, which collectively comprise BROWNSVILLE AREA SCHOOL DISTRICT's basic financial statements and have issued our report thereon dated December 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered BROWNSVILLE AREA SCHOOL DISTRICT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BROWNSVILLE AREA SCHOOL DISTRICT's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the BROWNSVILLE AREA SCHOOL DISTRICT's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether BROWNSVILLE AREA SCHOOL DISTRICT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Members of the Board, others within the entity, federal awarding agencies, pass-through entities, and the Pennsylvania Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Pittsburgh, Pennsylvania
December 7, 2012

Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the Board
Brownsville Area School District

Compliance

We have audited the compliance of BROWNSVILLE AREA SCHOOL DISTRICT with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The BROWNSVILLE AREA SCHOOL DISTRICT's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of BROWNSVILLE AREA SCHOOL DISTRICT's management. Our responsibility is to express an opinion on BROWNSVILLE AREA SCHOOL DISTRICT's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about BROWNSVILLE AREA SCHOOL DISTRICT's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of BROWNSVILLE AREA SCHOOL DISTRICT's compliance with those requirements.

In our opinion, BROWNSVILLE AREA SCHOOL DISTRICT, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

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Zelenkofske Axelrod LLC

Members of the Board
Brownsville Area School District

Internal Control Over Compliance

Management of the BROWNSVILLE AREA SCHOOL DISTRICT is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered BROWNSVILLE AREA SCHOOL DISTRICT's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of BROWNSVILLE AREA SCHOOL DISTRICT's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Members of the Board, federal awarding agencies, pass-through entities, and the Pennsylvania Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

Zelenkofske Axelrod LLC

ZELENKOFKSKE AXELROD LLC

Pittsburgh, Pennsylvania
December 7, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BROWNSVILLE AREA SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses?
 yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses?
 yes none reported

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133,
 Section .510(a) yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Program or Cluster</u>
84.010	Title I, Part A
10.553/10.555/10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

BROWNSVILLE AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

Section II – Findings Relating to the Financial Statements Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

No matters were reported

Section III – Federal Awards Findings and Questioned costs.

No matters were reported.

BROWNSVILLE AREA SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2012

Status of Prior Audit Findings

Finding	2011-1
Description	Fund balances were restated for the prior audit.
Status	Finding was resolved during the year under audit.