

**BROWNSVILLE AREA SCHOOL DISTRICT**

**SINGLE AUDIT REPORT**

**YEAR ENDED JUNE 30, 2011**

BROWNSVILLE AREA SCHOOL DISTRICT  
SINGLE AUDIT REPORT  
YEAR ENDED JUNE 30, 2011

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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, 2011 which collectively comprise BROWNSVILLE AREA SCHOOL DISTRICT's basic financial statements, and have issued our report thereon dated December 7, 2011. 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, 2011

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BROWNSVILLE AREA SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass Through Grantor/ Project Title	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 6/30/2010	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 6/30/2011
<u>US Department of Education</u>									
Passed through the Pennsylvania Department of Education									
TITLE I	84.010	013-090052	2008-09	\$ 1,155,426	\$ -	\$ (18,419)	\$ 18,419	\$ 18,419	\$ -
TITLE I	84.010	013-100052	2009-10	1,284,299	771,134	(174,542)	945,676	945,676	-
TITLE I	84.010	013-110052	2010-11	1,428,204	573,956	-	382,893	382,893	(191,063)
Academic Achievement Award	84.010	077-100052	2009-10	5,400	5,400	-	3,627	3,627	(1,773)
Academic Achievement Award	84.010	077-110052	2010-11	5,000	1,000	-	4,859	4,859	3,859
TITLE II-A	84.367	020-090052	2008-09	270,663	24,059	12,277	11,782	11,782	*
TITLE II-A	84.367	020-100052	2009-10	270,822	180,548	(72,099)	270,702	270,702	*
TITLE II-A	84.367	020-110052	2010-11	275,830	110,450	-	9,304	9,304	*
TITLE II-D EETT	84.318	055-100052	2009-11	73,400	63,613	-	70,309	70,309	6,695
Drug Free Schools	84.186	100-100052	2009-10	14,514	9,676	-	9,676	9,676	-
ARRA-Title I Part A	84.389	127-100052	2010-11	908,559	161,484	86,660	74,824	74,824	-
ARRA-SFSF	84.394	126-100052	2009-10	1,425,031	356,258	121,957	234,301	234,301	*
ARRA-SFSF	84.394	126-110052	2010-11	1,402,997	935,331	-	1,402,997	1,402,997	*
ARRA-Education Jobs Fund	84.410	140-691822	2010-11	831,178	831,178	-	831,178	831,178	*
IDEA Part B	84.027	062-110001	2010-11	275,251	275,251	-	275,251	275,251	*
ARRA- IDEA B	84.391	128.110001	2010-11	361,109	102,873	-	104,458	104,458	*
<b>Total US Department of Education</b>						<b>(44,166)</b>	<b>4,650,257</b>	<b>4,650,257</b>	<b>203,878</b>

\* Denotes tested as a major program

BROWNSVILLE AREA SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2011

Federal Grantor/ Pass Through Grantor/ Project Title	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 6/30/2010	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 6/30/2011
<u>US Department of Agriculture</u>									
Passed through the Pennsylvania Department of Education									
Summer Food Program	10.559	264	2010-11		38,845	9,000	41,954	41,954	12,109
After School Snacks	10.555	359	2010-11		9,151	-	9,151	9,151	-
Lunch Hi/Low	10.555	362	2010-11		484,911	-	484,911	484,911	-
Severe need Breakfast	10.553	367	2010-11		164,372	-	164,372	164,372	-
Passed through Pennsylvania Department of Agriculture									
Donated Commodity	10.555	N/A	2010-11		72,142	-	72,142	72,142	-
Donated Commodity	10.559	N/A	2010-11		1,697	-	1,697	1,697	-
Total US Department of Agriculture					771,117	9,000	774,227	774,227	12,109
<u>US Department of Health and Human Services</u>									
Passed through the Pennsylvania Department of Public Welfare									
Administrative Claiming Program	93.778	Title 19	2010-11		2,698	-	2,698	2,698	-
Total US Department of Health and Human Services					2,698	-	2,698	2,698	-
<u>US Department of Homeland Security</u>									
Passed through the Pennsylvania Emergency Management Agency									
Presidentially Declared Disasters	97.036	FEMA-1898-DR-PA			2,600	-	2,600	2,600	-
Total US Department of Homeland Security					2,600	-	2,600	2,600	-
Total Federal Awards					\$ 5,178,627	\$ (35,166)	\$ 5,429,781	\$ 5,429,781	\$ 215,988

\* Denotes tested as a major program

BROWNSVILLE AREA SCHOOL DISTRICT  
 NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2011

## NOTE 1: REPORTING ENTITY

The Brownsville Area School District (the "School District") is the reporting entity for financial reporting purposes is 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>
Child Nutrition Cluster	10.553	\$ 164,372
	10.555	566,204
	10.559	<u>43,651</u>
		<u>\$ 774,227</u>
Title I, Part A Cluster	84.010	\$ 1,355,474
	84.389	<u>74,824</u>
		<u>\$ 1,430,298</u>
Special Education Cluster (IDEA)	84.027	\$ 275,251
	84.391	<u>104,458</u>
		<u>\$ 379,709</u>

BROWNSVILLE AREA SCHOOL DISTRICT  
 NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 YEAR ENDED JUNE 30, 2011

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>
10.553/10.555/10.559 84.010/84.389	Child Nutrition Cluster Title I, Part A Cluster

The following High Risk Type B program was audited as major:

<u>Funding Source</u>	<u>Program</u>
84.367	Title II-A

The amount expended under programs audited as major federal programs for the year ended June 30, 2011, totaled \$3,139,973 or 57.82% 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, 2011, which collectively comprise BROWNSVILLE AREA SCHOOL DISTRICT's basic financial statements and have issued our report thereon dated December 7, 2011. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2011 – 1 to be a material weakness.

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# Zelenkofske Axelrod LLC

Members of the Board  
Brownsville Area School District

## 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*.

BROWNSVILLE AREA SCHOOL DISTRICT's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit BROWNSVILLE AREA SCHOOL DISTRICT's response and, accordingly, we express no opinion on it.

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, 2011

# 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 AND THE PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE  
SINGLE AUDIT SUPPLEMENT

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, 2011. 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, 2011.

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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, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BROWNSVILLE AREA SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2011

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>
84.394	ARRA State Fiscal Stabilization Fund
84.410	Education Jobs Fund
84.367	Title II-A
84.027/84.391	Special Education Cluster (IDEA)

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, 2011

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

2011 – 1                      Net Assets and Fund Balance were restated to correct previously reported payroll liabilities and to add the liability for the unfunded OPEB.

Condition:                      Brownsville Area School District had to restate the General Fund's beginning Fund Balance and the Governmental Activities beginning Net Assets to correct improper payroll entries that were made in the prior year. Governmental Activities beginning Net Assets were also restated to add a liability for the unfunded other postemployment benefits of the School District.

Criteria:                      Any material restatement is a Section II financial statement finding.

Cause:                      Previously the School District did not reconcile the accrued payroll account on a regular basis which led to errors in recording going unnoticed. The OPEB liability was never calculated by an actuary until the year under audit.

Effect:                      Brownsville Area School District's beginning Net Assets and Fund Balance had to be restated.

Recommendation:                      The School District should ensure that all financial information is reconciled and accurate when it is entered into ProSoft. The OPEB liability should be calculated by an actuary at least once every 3 years.

Management Response:  
 Brownsville Area School District has now hired an actuary to calculate the OPEB liability beginning with the year under audit and going forward. The School District is now reconciling all the accounts on the balance sheet going forward.

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, 2011

Status of Prior Audit Findings

Finding	2010-1
Description	Transactions were not recorded for the period under audit.
Status	Finding was resolved during the year under audit.