



**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***

To the Honorable Members of the
Pendleton County Board of Education
Franklin, West Virginia

We have audited the financial statements of the governmental activities and each major fund, of the Pendleton County Board of Education, as of and for the year ended June 30, 2007, which collectively comprise the Pendleton County Board of Education's basic financial statements and have issued our report thereon dated March 15, 2008. 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 the Pendleton County Board of Education'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 the Pendleton County Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pendleton County Board of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Pendleton County Board of Education's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Pendleton County Board of Education's financial statements that is more than inconsequential will not be prevented or detected by the Pendleton County Board of Education's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Pendleton County Board of Education's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pendleton County Board of Education'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and questioned costs as item #07-01.

We also noted certain other matters that we reported to management of Pendleton County Board of Education in a separate letter dated March 15, 2008.

Pendleton County Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Pendleton County Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board Members, the West Virginia State Auditor's Office, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



March 15, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To The Honorable Members of the
Pendleton County Board of Education
Franklin, West Virginia

Compliance

We have audited the compliance of the Pendleton County Board of Education 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, 2007. The Pendleton County Board of Education'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 the Pendleton County Board of Education's management. Our responsibility is to express an opinion on the Pendleton County Board of Education'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 Organizations*. 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 the Pendleton County Board of Education'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 the Pendleton County Board of Education's compliance with those requirements.

In our opinion, the Pendleton County Board of Education 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, 2007.

Internal Control Over Compliance

The management of the Pendleton County Board of Education 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 the Pendleton County Board of Education'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, 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 the Pendleton County Board of Education's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

The Pendleton County Board of Education's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Pendleton County Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board members and the West Virginia State Auditor's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tetrick & Bartlett, PLLC

March 15, 2008

PENDLETON COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2007

A. Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified Opinion

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 that are not considered to be material weaknesses? yes none reported

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

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

Identification of major programs:

U.S. Department of Education

Title I Grants to Local Education Agencies CFDA #84.010

U.S. Department of Agriculture

Special Education Cluster:

Special Education – Grants to States CFDA #84.027

Special Education – Preschool Grants CFDA #84.173

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

Auditee qualified as low-risk auditee? yes no

PENDLETON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2007

B. Findings - Financial Statements Audit

Significant Deficiencies

Questioned
Costs

#07-01 Expenditures in Excess of Available Funds

Condition: It was determined that the Pendleton County Board of Education incurred expenditures and/or obligations in the General Current Expense Fund in excess of available funds during the fiscal year.

Criteria: The West Virginia Code §11-8-26 states, in part:

"... a local fiscal body shall not expend money or incur obligations;

- (1) In an unauthorized manner;
- (2) For an unauthorized purpose;
- (3) In excess of the amount allocated to the fund in the levy order;
- (4) In excess of the funds available for current expenses...

Notwithstanding the foregoing and any other provision of law to the contrary, a local fiscal body or its duly authorized officials shall not be penalized for a casual deficit which does not exceed its approved levy estimate by more than three percent, provided such casual deficit be satisfied in the levy estimate for the succeeding fiscal year."

Cause: The Pendleton County Board of Education incurred expenditures in excess of amounts available for current expenses, which resulted in the deficit of the General Current Expense Fund.

**PENDLETON COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2007**

Questioned
Costs

Effect: As a result of the failure to adequately satisfy expenditures and other obligations, the Pendleton County Board of Education had over expended the budget during the fiscal year. Furthermore, this caused the Board to have expenditures incurred over amounts available for current expenses.

Recommendation: The Pendleton County Board of Education management is obligated to satisfy this deficit by implementing effective budgetary controls and management review to ensure that deficit spending is not incurred in the future.

Audited Agency's Response: Daily operations have been modified, new policies have been implemented, and additional management review will continue to address the issues identified to eliminate this deficit fund balance in succeeding fiscal years.

Total Questioned Costs

\$ -0-

C. Findings and Questioned Costs - Major Federal Award Programs Audit

Significant Deficiencies

None

PENDLETON COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Agriculture			
Commodity Letter of Credit	10.UNK	N/A	\$ 28,083
Pass-through the West Virginia State Department of Health and Human Resources:			
Food Donation	10.550	N/A	4,409
Passed-through the West Virginia State Auditor's Office:			
School and Roads – Grants to State	10.665	N/A	113,115
Pass-through the West Virginia Department of Education:			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	88	68,006
National School Lunch Program	10.555	88	<u>192,585</u>
Total U.S. Department of Agriculture			\$ <u>406,198</u>
U.S. Department of Interior			
Mineral Management Service Management Program	15.UNK	N/A	\$ <u>10,282</u>
Total U.S. Department of Interior			\$ <u>10,282</u>

The accompanying notes are an integral part of this schedule.

PENDLETON COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
 FOR THE YEAR ENDED JUNE 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education			
Pass-through the West Virginia Department of Education:			
<u>Program Title</u>			
Title I - Grants to Local Educational Agencies	84.010	41	\$ 259,156
<i>Special Education Cluster:</i>			
Special Education – Grants to States	84.027	43	268,470
Special Education – Preschool Grants	84.173	43	18,499
Vocational Education - Basic Grants to States	84.048	50	10,707
State Grants for Innovative Programs	84.298	42	6,319
Improving Teacher Quality State Grants	84.367	40	<u>63,102</u>
Total U.S. Department of Education			\$ <u>626,253</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1,042,733</u>

The accompanying notes are an integral part of this schedule.

PENDLETON COUNTY BOARD OF EDUCATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

1. Basis of Presentation

The accompanying schedule of Expenditures of Federal Awards includes the federal grant activity of the Board of Education and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the Requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements.

2. Miscellaneous Federal Awards

The Schedule of Expenditures of Federal Awards includes a miscellaneous federal grant for which there is no catalog of federal domestic assistance (CFDA) number.

<u>Program</u>	<u>Expenditures</u>
Commodity Letter of Credit Program (CLOC)	\$ 28,083

3. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The Board received and disbursed \$4,409 in food commodities in the Donated Foods Program for the year ended June 30, 2007.

Pendleton County Board of Education

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March 15, 2008

CORRECTIVE ACTION PLAN

U.S. Department of Education

Pendleton County Board of Education respectfully submits the following corrective action plan for the year ended June 30, 2007. Name and address of independent public accounting firm: Tetrick & Bartlett, PLLC, P.O. Box 1916, Clarksburg, WV 26302-1916. Audit period July 1, 2006 through June 30, 2007.

The findings from the June 30, 2007 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

B. Findings – Financial Statement Audit

Significant Deficiencies

#07-01 Expenditures in Excess of Available Funds

Condition: It was determined that the Pendleton County Board of Education incurred expenditures and/or obligations in the General Current Expense Fund in excess of available funds during the fiscal year.

Action Taken: Daily operations have been modified, new policies have been implemented, and additional management review will continue to address the issues identified to eliminate this deficit fund balance in succeeding fiscal years.

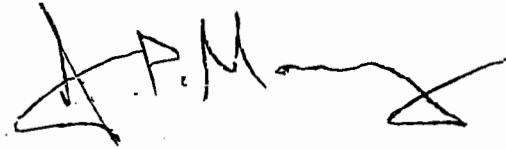
C. Findings and Questioned Costs – Major Federal Award Programs Audit

Significant Deficiencies

None

If the U.S. Department of Education have questions regarding this plan, please contact the J. P. Mowery, Treasurer, at (304) 358-2207.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'J. P. Mowery', with a stylized flourish at the end.

J. P. Mowery, Treasurer
Pendleton County Board of Education

PENDLETON COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Reference Number:

There were no Findings and Questioned Costs relative to federal awards for the prior audit period of July 1, 2005 to June 30, 2006.