

**BEDFORD CENTRAL SCHOOL DISTRICT
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

**BEDFORD SCHOOL DISTRICT
SINGLE AUDIT REPORT
TABLE OF CONTENTS**

| SINGLE AUDIT REPORT | PAGE |
|--|-------------|
| Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A - 133 | 1 - 3 |
| Schedule of Expenditures of Federal Awards | 4 - 5 |
| Notes to the Schedule of Expenditures of Federal Awards | 6 |
| Schedule of Findings and Questioned Costs | 7 - 8 |
| Summary Schedule of Prior Audit Findings | 9 |
| Corrective Action Plan | 10 |

**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**

To the Board of Education
Bedford Central School District

Compliance

We have audited the Bedford Central School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2011. The Bedford Central 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 the Bedford Central School District's management. Our responsibility is to express an opinion on the Bedford Central 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 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 Bedford Central 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 on the District's compliance with those requirements.

In our opinion, the Bedford Central School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the result of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-01.

Internal Control Over Compliance

Management of the Bedford Central 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 the Bedford Central School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the 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 the 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 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. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as 2011-01. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Bedford Central School District as of and for the fiscal year ended June 30, 2011 and have issued our report thereon dated October 7, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 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.

This report is intended solely for the information and use of the Board of Education, the audit committee, management, 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.

R.S. Abrams & Co., LLP

R.S. Abrams & Co. LLP
October 7, 2011

**BEDFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| Federal Grantor/Pass-through Grantor Program Title | CFDA Number | Agency or Pass-through Number | Expenditures |
|--|----------------|-------------------------------------|--------------------|
| <u>U.S. Department of Education</u> | | | |
| <u>Passed-through NYS Education Department:</u> | | | |
| ARRA - Special Education Grants to States (IDEA, Part B), Recovery Act | 84.391 | 5032-11-1043 | \$584,137 |
| Special Education Grants to States (IDEA, Part B) | 84.027 | 0032-11-1043 | 880,875 |
| ARRA - Special Education Preschool Grants (IDEA, Preschool), Recovery Act | 84.392 | 5033-11-1043 | 24,825 |
| Special Education Preschool Grants (IDEA Preschool) | 84.173 | 0033-11-1043 | <u>31,565</u> |
| Total Special Education Cluster | | | <u>1,521,402</u> |
| Title I Grants to Local Educational Agencies | 84.010 | 0021-10-3605 | 8,736 |
| Title I Grants to Local Educational Agencies | 84.010 | 0021-11-3605 | 411,138 |
| ARRA - Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | 5021-10-3605 | 36,535 |
| ARRA - Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | 5021-11-3605 | <u>42,219</u> |
| Total Title I, Part A Cluster | | | <u>498,628</u> |
| ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act, (Education Stabilization Fund) | 84.394 | 5000-11-3605 | 419,383 |
| English Language Acquisition Grants | 84.365 | 0293-11-3605 | 37,277 |
| Education Technology State Grants | 84.318 | 0292-11-3605 | 396 |
| Improving Teacher Quality State Grants | 84.367 | 0147-11-3605 | 147,541 |
| English Language Acquisition Grants | 84.365 | 0149-11-3605 | 25,150 |
| Safe and Drug-Free School and Communities - State Grants | 84.186 | 0180-11-3605 | <u>1,682</u> |
| Total U.S Department of Education | | | <u>631,429</u> |
| Total Passed-Through NYS Education Department | | | <u>\$2,651,459</u> |

**BEDFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| Federal Grantor/Pass-through Grantor Program Title | CFDA Number | Agency or Pass-through Number | Expenditures |
|---|----------------|-------------------------------------|---------------------------|
| Subtotal Brought Forward | | | <u>\$2,651,459</u> |
| <u>U.S. Department of Agriculture</u> | | | |
| <u>Passed-through NYS Education Department:</u> | | | |
| Cash Assistance | | | |
| National School Lunch Program | 10.555 | N/A | 305,478 |
| School Breakfast Program | 10.553 | N/A | <u>42,095</u> |
| Total Cash Assistance | | | <u>347,573</u> |
| Non-cash Assistance (food distribution) | | | |
| National School Lunch Program | 10.555 | N/A | <u>62,054</u> |
| Total Child Nutrition Cluster | | | <u>409,627</u> |
| Total U.S. Department of Agriculture | | | <u>409,627</u> |
| Total Federal Awards Expended | | | <u><u>\$3,061,086</u></u> |

**BEDFORD CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Bedford Central School District (the "District") under programs of the federal government for the fiscal year ended June 30, 2011. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. Pass-through entity identifying numbers are presented where available.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

3. SUBRECIPIENTS:

No amounts were provided to subrecipients.

4. OTHER DISCLOSURES:

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

**BEDFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

PART I SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's opinion(s) issued: *Unqualified*

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not
considered to be material weakness(es)? 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 deficiencies identified that are not
considered to be material weakness(es)? yes none reported

Type of auditor's opinion(s) issued on compliance for
major programs: *Unqualified*

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>Name of federal program</u> | <u>CFDA Number</u> |
|--|---|
| ARRA – Special Education Grants to States (IDEA, Part B), Recovery Act | 84.391 |
| Special Education Grants to States (IDEA, Part B) | 84.027 |
| Special Education Grants to States (IDEA, Preschool) | 84.173 |
| ARRA – Special Education Preschool Grants (IDEA Preschool), Recovery Act | 84.392 |
| ARRA – State Fiscal Stabilization Fund – Education Stabilization Fund, Recovery Act | 84.394 |
| Dollar threshold used to distinguish between Type A and Type B Programs | \$300,000 |
| Auditee qualified as low risk? | <input checked="" type="checkbox"/> yes <input type="checkbox"/> no |

**BEDFORD CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

PART II FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

PART III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING # 2011-01

U.S. Department of Education – Passed through NYS Education Department

ARRA- Special Education Grants to States (IDEA, Part B), Recovery Act; CFDA No. 84.391;

Project #5032-11-1043; Grant Period – Fiscal Year Ended June 30, 2011

Special Education Grants to States (IDEA, Part B) – CFDA No. 84.027; Project # 0032-11-1043;

Grant Period – Fiscal Year Ended June 30, 2011

ARRA – Special Education Preschool Grants (IDEA Preschool), Recovery Act; CFDA No.84.392;

Project #5033-11-1043; Grant Period –Fiscal Year Ended June 30, 2011

Special Education Preschool Grants (IDEA Preschool); CFDA No. 84.173; Project #0033-11-

1043; Grant Period – Fiscal Year Ended June 30, 2011

Criteria: Where employees are expected to work solely on a single or multiple federal awards or cost objectives, charges for their salaries and wages will be supported by periodic certifications or personnel activity reports that the employees worked solely or on multiple programs for the period covered by the certification or personnel activity report to be in accordance with OMB Circular A-87.

Condition: We noted forty (40) out of forty (40) instances that the payroll certifications and personnel activity reports did not identify the percentage of time worked on the specific grant related activities or programs. As a result, we also could not determine if certain individuals should have been completing personnel activity reports instead of payroll certifications.

Cause: The District utilized a standard payroll certification and personnel activity report form which did not specify the required information.

Effect: The District’s federal funds were not used in compliance with OMB Circular A-87.

Recommendation: We recommend the District implement procedures to ensure all employees working on federal grants substantiate salaries by completing the required payroll certifications or personnel activity reports, to be in compliance with OMB Circular A-87.

**BEDFORD CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

There were no prior year federal award findings or questioned costs.

**BEDFORD CENTRAL SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The District's corrective action plan for fiscal year ended June 30, 2011 is under separate cover.