Summary

Report Number: **2011-054**

Report Title: **Hernando County District School Board – Comprehensive Annual Financial Report and Federal Single Audit**

Report Period: **FYE 06/30/2010**

Release Date: **12/14/2010**

Summary of Report on Financial Statements

Our audit disclosed that the District's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards. Our independent auditor's report is included in the Comprehensive Annual Financial Report for fiscal year ended June 30, 2010, issued by the Hernando County District School Board.

Summary of Report on Internal Control and Compliance

Our audit did not identify any deficiencies in internal control over financial reporting and its operation that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

Summary of Report on Federal Awards

We audited the District's Federal awards for compliance with applicable Federal requirements. The Child Nutrition Cluster; Child Nutrition Discretionary, Title I, Part A Cluster; Special Education Cluster; Improving Teacher Quality; and State Fiscal Stabilization Fund Cluster programs were audited as major Federal programs. The results of our audit indicated that the District materially complied with the requirements that were applicable to the major Federal programs tested. However, we did note noncompliance and control deficiency findings as summarized below.

Federal Awards Finding No. 1: Procedures could be improved to ensure indirect costs are properly calculated for the food service program.

Federal Awards Finding No. 2: Three teachers and one paraprofessional assigned to Title I schoolwide program schools did not meet the qualification requirements, contrary to Federal regulations.

Federal Awards Finding No. 3: The District made a purchase totaling $9,024 for middle school books and digital video discs that was contrary to the intended use restrictions of the Improving Teacher Quality Grant program.

Audit Objectives and Scope

Our audit objectives were to determine whether the Hernando County District School Board and its officers with administrative and stewardship responsibilities for District operations had:

- Presented the District's basic financial statements in accordance with generally accepted accounting principles;

- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements or on a major Federal program;
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements, and those applicable to the District's major Federal programs; and
- Taken corrective actions for findings included in our report No. 2010-058.

The scope of this audit included an examination of the District's basic financial statements and the Schedule of Expenditures of Federal Awards as of and for the fiscal year ended June 30, 2010. We obtained an understanding of the District's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements and Federal awards. We also examined various transactions to determine whether they were executed, both in manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements. The results of our operational audit of the District are included in our report No. 2011-034.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent District records in connection with the application of procedures required by auditing standards generally accepted in the United States of America, applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Office of Management and Budget *Circular A-133*.

Management's response is included in the audit report as Exhibit A.