



**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**

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

We have audited the financial statements of the Pendleton County Board of Education as of and for the year ended June 30, 2006, and have issued our report thereon dated February 16, 2007, which was modified because the Board of Education prepares its financial statements on the basis of accounting prescribed by the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

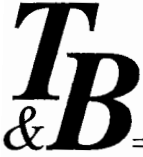
As part of obtaining reasonable assurance about whether the Pendleton County Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct 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 that are required to be reported under Government Auditing Standards.

However, we noted certain matters that we reported to management of the Pendleton County Board of Education in a separate letter dated February 16, 2007.

This report is intended solely for the information and use of the Pendleton County Board of Education management, others within the Organization, 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 those specified parties. However, this report is a matter of public record and its distribution is not limited.

*Tetruck & Bartlett, PLLC*

February 16, 2007



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

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, 2006. 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 on 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, 2006.

### 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 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 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design of operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended for the information and use of the Pendleton County Board of Education, management and federal awarding agencies and pass-through entities, and the West Virginia State Auditor's Office and is not intended to be and should not be used by anyone other than these specific parties. However, this report is a matter of public record and its distribution is not limited.

*Tetrick & Battlett, PLLC*

February 16, 2007



**PENDLETON COUNTY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2006**

**B. Findings - Financial Statements Audit**

**Reportable Conditions**

*None*

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

**Reportable Conditions**

*None*

**PENDLETON COUNTY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2006**

<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>
<b>U.S. Department of Agriculture</b>			
Commodity Letter of Credit	10.UNK	N/A	\$ 28,042
Pass-through the West Virginia State Department of Health and Human Resources:			
Food Donation	10.550	N/A	2,296
Passed-through the West Virginia State Auditor's Office:			
School and Roads – Grants to State	10.665	N/A	111,995
Pass-through the West Virginia Department of Education:			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	88	67,745
National School Lunch Program	10.555	88	<u>186,668</u>
Total U.S. Department of Agriculture			\$ <u>396,746</u>
<b>U.S. Department of Interior</b>			
Mineral Management Service Management Program	15.UNK	N/A	\$ <u>7,295</u>
Total U.S. Department of Interior			\$ <u>7,295</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, 2006

<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>
<b>U.S. Department of Education</b>			
Fund for the Improvement of Education	84.215	99	\$ 9,651
Pass-through the West Virginia Department of Education:			
<u>Program Title</u>			
Title I - Grants to Local Educational Agencies	84.010	41	286,233
<i>Special Education Cluster:</i>			
Special Education – Grants to States	84.027	43	273,227
Special Education – Preschool Grants	84.173	43	18,639
Vocational Education - Basic Grants to States	84.048	50	17,949
State Grants for Innovative Programs	84.298	42	3,544
Education Technology State Grants	84.318	58	6,391
Improving Teacher Quality State Grants	84.367	40	<u>73,604</u>
Total U.S. Department of Education			\$ <u>689,238</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ <u>1,093,279</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, 2006**

**1. Basis of Presentation**

The accompanying schedule of Expenditures of Federal Awards includes the federal grant activity of the Board and is presented on the basis of accounting prescribed or permitted by the West Virginia Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting is described in detail in Note 1 to the accompanying financial statements. 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)	\$ 28,042

**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 \$2,296 in food commodities in the Donated Foods Program for the year ended June 30, 2006.

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, 2004 to June 30, 2005.

**PENDLETON COUNTY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2006**

**15. Major Sources of Revenue**

The largest single source of revenue received by the Board is state aid funds through the Public School Support Program. In addition, the Board receives financial assistance from federal and state governments in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and is subject to audit by the Board's independent auditors and state and federal regulatory agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable fund. Based on prior experience, the Board believes such disallowance, if any, would be immaterial.

The accompanying independent auditor's report is an integral part of these notes.