

**MCPHERSON PLANNING LOCAL
REDEVELOPMENT AUTHORITY**

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2007

MCPHERSON PLANNING LOCAL REDEVELOPMENT AUTHORITY

**SINGLE AUDIT REPORT
DECEMBER 31, 2007**

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**INDEPENDENT AUDITOR'S 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 Board of Directors
McPherson Planning
Local Redevelopment Authority
Atlanta, Georgia**

We have audited the basic financial statements of the McPherson Planning Local Redevelopment Authority (the "MPLRA"), as of and for the year ended December 31, 2007, and have issued our report thereon dated May 4, 2009. 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 MPLRA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the MPLRA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the MPLRA's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2007-1 and 2007-2 to be significant deficiencies in internal control over financial reporting.

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 entity's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider items 2007-1 and 2007-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the MPLRA'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*.

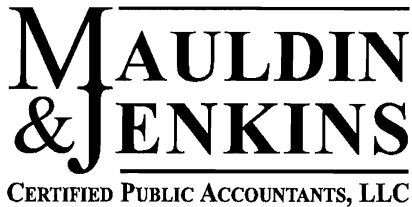
We also noted certain matters that we reported to management of the MPLRA in a separate letter dated May 4, 2009.

The MPLRA's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the MPLRA's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 4, 2009



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

**The Board of Directors
McPherson Planning
Local Redevelopment Authority
Atlanta, Georgia**

Compliance

We have audited the compliance of the McPherson Planning Local Redevelopment Authority (the "MPLRA") 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 its major federal program for the year ended December 31, 2007. The MPLRA's major federal program is 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 its major federal program is the responsibility of the MPLRA's management. Our responsibility is to express an opinion on the MPLRA'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 MPLRA'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 MPLRA's compliance with those requirements.

In our opinion, the MPLRA complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the MPLRA 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 MPLRA'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 MPLRA'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 the 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the MPLRA as of and for the year ended December 31, 2007, and have issued our report thereon dated May 4, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the MPLRA's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management, the Board of Directors of the McPherson Planning Local Redevelopment MPLRA 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
May 4, 2009

MCPHERSON PLANNING LOCAL REDEVELOPMENT AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

FEDERAL GRANTOR Pass-through Grantor/Program Title	FEDERAL CFDA NUMBER	GRANT PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Defense</u>			
Passed through the Office of Economic Adjustment Community Economic Adjustment Planning Assistance Grant	12.607	CL0578-07-02	\$ <u>1,053,429</u>
Total U.S. Department of Defense			\$ <u><u>1,053,429</u></u>

See accompanying note to the Schedule of Expenditures of Federal Awards.

**MCPHERSON PLANNING
LOCAL REDEVELOPMENT AUTHORITY**

**Note to the Schedule of Expenditures of Federal Awards
FOR THE YEAR ENDED DECEMBER 31, 2007**

(1) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related liability is incurred.

In instances where the grant agreement requires the MPLRA to match grant awards with local funds, such matching funds are excluded in the accompanying Schedule of Expenditures of Federal Awards.

**MCPHERSON PLANNING
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

**SECTION I
SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:
Material weaknesses identified? X yes no

Significant deficiencies identified not considered
to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal Control over major programs:
Material weaknesses identified? yes X no

Significant deficiencies identified not considered
to be material weaknesses? yes X none reported

Type of auditor's report issued on compliance for
major program Unqualified

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular
A-133, Section 510(a)? yes X no

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
12.607	Community Economic Adjustment Planning Assistance Grant

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

Auditee qualified as low-risk auditee? yes X no

**MCPHERSON PLANNING
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

2007 - 1 Recording of Receivables and Revenues

Criteria: Internal controls should be in place to ensure that receivables and revenues are properly recorded, recognized, and posted to the general ledger as of year-end.

Condition: The MPLRA did not properly record amounts due from the Federal government for reimbursable expenses incurred prior to December 31, 2007.

Context/Cause: During our test work, we determined that receivables and revenues were understated as of year-end.

Effect: An audit adjustment to increase receivables and revenues in the amount of \$153,032 was required to be recorded as of December 31, 2007.

Recommendation: We recommend the MPLRA record receivables and revenues for reimbursable expenses incurred prior to year-end at the conclusion of each financial reporting cycle.

Views of Responsible Officials and Planned Correction Action: We concur with the finding. We will ensure that all receivables for reimbursable expenses are properly recorded at the conclusion of each financial reporting cycle.

**MCPHERSON PLANNING
LOCAL REDEVELOPMENT AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED DECEMBER 31, 2007**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)**

2007 - 2 Recording of Accounts Payable and Expense

Criteria: Generally accepted accounting principles require reporting of all current liabilities when the goods have been received or services have been performed, regardless of the timing of related cash flows.

Condition: The MPLRA did not properly record accounts payable and certain expenses as of December 31, 2007.

Context/Cause: During our test work, we determined that accounts payables and expenses were overstated as of year-end. The errors were due to management's oversight when reversing prior year entries and recording current year accruals.

Effect: An audit adjustment to increase accounts payable and expenses by \$48,705 was required while an audit adjustment to decrease accounts payable and expenses in the amount \$81,656 was required to be recorded as of December 31, 2007. The net effect of these entries resulted in accounts payable and expenses being overstated by \$32,951.

Recommendation: We recommend the MPLRA record accounts payable and expenses correctly prior to year-end at the conclusion of each financial reporting cycle.

Views of Responsible Officials and Planned Correction Action: We concur with the finding. We will ensure that all accounts payable and expenses are properly recorded at the conclusion of each financial reporting cycle.

**MCPHERSON PLANNING
LOCAL REDEVELOPMENT AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None