

**BOARD OF EDUCATION OF
CARROLL COUNTY, MARYLAND**

REPORT ON SINGLE AUDIT

YEAR ENDED JUNE 30, 2018

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**INDEPENDENT AUDITORS' 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**

Members of the Board of Education of Carroll County
Westminster, Maryland

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Carroll County, Maryland (the Board), a component unit of Carroll County, Maryland as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 27, 2018



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board of Education of Carroll County
Westminster, Maryland

Report on Compliance for Each Major Federal Program

We have audited the Board of Education of Carroll County's (the Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2018. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Board'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of 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, 2018.

Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 Board'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated September 27, 2018 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Baltimore, Maryland
October 22, 2018

BOARD OF EDUCATION OF CARROLL COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-Through	CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Passed through the Maryland State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	170828-01	N/A	\$ 174,946
Title I Grants to Local Educational Agencies	84.010	1860660-01	N/A	2,215,410
Title I Grants to Local Educational Agencies	84.010	165110-01	N/A	405
Total Title I Grants				2,390,761
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	180340-01	N/A	5,039,366
Special Education - Grants to States	84.027	180340-06	N/A	18,000
Special Education - Grants to States	84.027	181275-01	N/A	12,680
Special Education - Grants to States	84.027	180340-05	N/A	500
Special Education - Grants to States	84.027	180340-07	N/A	45,839
Special Education - Grants to States	84.027	180340-04	N/A	47,869
Special Education - Grants to States	84.027	170303-04	N/A	(135)
Special Education - Grants to States	84.027	181091-01	N/A	2,843
Special Education - Grants to States	84.027	180340-02	N/A	53,610
Special Education - Grants to States	84.027	170303-02	N/A	4,067
Special Education - Grants to States	84.027	170303-03	N/A	1,637
Special Education - Grants to States	84.027	180340-03	N/A	2,500
Special Education - Grants to States	84.027	180214-01	N/A	80,197
Special Education - Grants to States	84.027	170128-01	N/A	94
Total Special Education - Grants to States				5,309,067
Special Education - Preschool Grants	84.173	180339-01	N/A	165,572
Special Education - Preschool Grants	84.173	170304-03	N/A	27,351
Special Education - Preschool Grants	84.173	180225-01	N/A	7,000
Special Education - Preschool Grants	84.173	180225-02	N/A	6,534
Total Special Education - Preschool Grants				206,457
Total Special Education Cluster (IDEA)				5,515,524
Career and Technical Education - Basic Grants to States	84.048	180631-01	N/A	158,460
Career and Technical Education - Basic Grants to States	84.048	180888-01	N/A	47,880
Total Career and Technical Education - Basic Grants to States				206,340
Special Education - Grants for Infants and Families	84.181	180186-01	N/A	177,828
Special Education - Grants for Infants and Families	84.181	164450-02	N/A	4,300
Total Special Education - Grants for Infants and Families				182,128
English Language Acquisition Grants	84.365	180418-01	N/A	23,920
English Language Acquisition Grants	84.365	164294-01	N/A	27,588
English Language Acquisition Grants	84.365	170656-01	N/A	5,269
English Language Acquisition Grants	84.365	180418-02	N/A	5,184
Total English Language Acquisition Grants				61,961

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**BOARD OF EDUCATION OF CARROLL COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Federal Grantor / Pass-Through	CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Education (Continued)				
Passed through the Maryland State Department of Education:				
Supporting Effective Instruction State Grants	84.367	181254-01	N/A	\$ 296,037
Supporting Effective Instruction State Grants	84.367	170971-01	N/A	160,298
Supporting Effective Instruction State Grants	84.367	181230-01	N/A	22,457
Supporting Effective Instruction State Grants	84.367	171543-01	N/A	480
Total Supporting Effective Instruction State Grants				<u>479,272</u>
Competitive Grants for State Assessments	84.368	181720-01	N/A	206
Statewide Longitudinal Data Systems	84.372	180297-01	N/A	8,514
Preschool Development Grants	84.419	180679-02	N/A	165,000
Preschool Development Grants	84.419	180680-02	N/A	165,000
Preschool Development Grants	84.419	171007-01	N/A	18,653
Preschool Development Grants	84.419	170611-01	N/A	30,954
Preschool Development Grants	84.419	180620-01	N/A	120,274
Total Preschool Development Grants				<u>499,881</u>
Disability Innovation Fund	84.421	181153-01	N/A	28,128
Student Support and Academic Enrichment Program	84.424	181087-01	N/A	35,375
Total U.S. Department of Education				<u>9,408,090</u>
U.S. Department of Agriculture				
Passed through the Maryland State Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	None provided	N/A	632,921
National School Lunch Program	10.555	None provided	N/A	2,504,816
Summer Food Service Program for Children	10.559	None provided	N/A	11,887
Total Child Nutrition Cluster				<u>3,149,624</u>
Child and Adult Care Food Program	10.558	None provided	N/A	13,580
Total U.S. Department of Agriculture				<u>3,163,204</u>
Total Federal Expenditures				<u>\$ 12,571,294</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**BOARD OF EDUCATION OF CARROLL COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the Board of Education of Carroll County (the Board) for the year ended June 30, 2018.

Basis of Accounting

The accompanying schedule of expenditures of federal awards has been prepared using the modified accrual basis of accounting. This basis of accounting is fully described in Note 1 to the Board's basic financial statements.

NOTE 2 RELATION TO FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS

The following schedule reconciles the amounts per the financial statements to the amounts per the schedule of expenditures of federal awards for the year ended June 30, 2018:

	Governmental Funds
REVENUE	
BALANCE PER FINANCIAL STATEMENTS	
Federal Revenues	\$ 13,943,461
Less:	
Miscellaneous Adjustments	(353)
Medical Assistance Revenue	(1,371,814)
Total Per Schedule of Expenditures of Federal Awards	\$ 12,571,294

NOTE 3 INDIRECT COST RATE

The Board has not elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

**BOARD OF EDUCATION OF CARROLL COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of Major Federal Programs

CFDA Number(s)

84.027, 84.173

Name of Federal Program or Cluster

Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

_____ yes X no

BOARD OF EDUCATION OF CARROLL COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Section II – Financial Statement Findings

None

Section III – Findings and Questioned Costs – Major Federal Programs

None