

**BOARD OF EDUCATION OF
CARROLL COUNTY, MARYLAND
Carroll County, Maryland**

**REPORT ON SINGLE AUDIT
June 30, 2015**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORTS	
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 <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	10
SCHEDULE OF PRIOR YEAR FINDINGS QUESTIONED COSTS	12

**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***

Members of the Board
of Education of Carroll County
Westminster, Maryland 21157

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 (the Board), a component unit of Carroll County, Maryland as of and for the year ended June 30, 2015, 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 18, 2015.

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) to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-001 to be a material weakness.

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, contract, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Carroll County Board of Education’s Response to Findings

The Board’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results 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 over financial reporting. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
September 18, 2015

**Independent Auditor's Report on Compliance with Requirements that
Could Have a Direct and Material Effect on Each Major Federal Program and on
Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in
Accordance with OMB Circular A-133**

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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 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 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, 2015.

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 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 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated September 18, 2015, 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 OMB Circular A-133 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland

December 8, 2015, except for the Schedule
of Expenditures of Federal Awards which
is dated September 18, 2015

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Federal Grantor / Pass-Through	CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Education			
Passed through the Maryland State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	154356-01	\$ 1,987,817
Title I Grants to Local Educational Agencies	84.010	144485-01	310,172
Title I Grants to Local Educational Agencies	84.010	155003-01	55,863
Title I Grants to Local Educational Agencies	84.010	155233-01	19,267
Title I Grants to Local Educational Agencies	84.010	145122-01	12,960
Title I Grants to Local Educational Agencies	84.010	134392-01	12,430
Title I Grants to Local Educational Agencies	84.010	154918-01	9,878
Title I Grants to Local Educational Agencies	84.010	144842-01	4,205
			<u>2,412,592</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	154210-01	5,003,046
Special Education - Grants to States	84.027	154210-06	133,274
Special Education - Grants to States	84.027	154229-02	78,259
Special Education - Grants to States	84.027	145332-01	52,538
Special Education - Grants to States	84.027	154210-02	30,853
Special Education - Grants to States	84.027	145275-01	26,273
Special Education - Grants to States	84.027	154210-05	2,500
Special Education - Grants to States	84.027	144280-06	727
Special Education - Grants to States	84.027	144280-02	4
Special Education - Preschool Grants	84.173	154210-03	165,115
Special Education - Preschool Grants	84.173	144700-02	10,691
Special Education - Preschool Grants	84.173	154229-03	7,000
Special Education - Preschool Grants	84.173	154210-04	457
			<u>5,510,737</u>
Career and Technical Education - Basic Grants to States	84.048	154662-01	167,823
Career and Technical Education - Basic Grants to States	84.048	154709-01	48,732
Career and Technical Education - Basic Grants to States	84.048	155518-01	23,649
Career and Technical Education - Basic Grants to States	84.048	145160-01	13,969
Career and Technical Education - Basic Grants to States	84.048	144665-01	8,175
			<u>262,348</u>
Special Education - Grants for Infants and Families	84.181	154229-01	<u>136,010</u>
Education for Homeless Children & Youth	84.196	144736-01	<u>7,923</u>
English Language Acquisition Grants	84.365	154427-01	18,722
English Language Acquisition Grants	84.365	144582-01	12,554
English Language Acquisition Grants	84.365	144582-02	5,387
English Language Acquisition Grants	84.365	154427-02	5,048
English Language Acquisition Grants	84.365	145209-01/02	5,000
			<u>46,711</u>
Mathematics and Science Partnerships	84.366	HCPSS from MSDE	<u>7,259</u>

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015
(Continued)

Federal Grantor / Pass-Through	CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Education (Continued)			
Passed through the Maryland State Department of Education:			
Improving Teacher Quality State Grants	84.367	154934-01	\$ 397,010
Improving Teacher Quality State Grants	84.367	144764-01	161,454
Improving Teacher Quality State Grants	84.367	164460-01	18,479
			<u>576,943</u>
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-02	269,050
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	155306-01	143,057
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	155610-01	80,992
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	154737-01	72,500
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	145353-01	67,804
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	164190-01	41,667
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-02	34,846
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	145164-01	26,875
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	155273-01	26,712
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	144940-01	14,000
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-03	9,673
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	155265-01	3,600
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	155265-02	3,000
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	154695-01	6,250
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	154595-01	2,592
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	155646-01	1,611
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	145353-02	1,500
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	155392-01	1,067
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	154473-01	808
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	154281-01	808
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	154842-01	533
			<u>808,945</u>

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015
(Continued)

Federal Grantor / Pass-Through	CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Education (Continued)			
Passed through the Maryland State Department of Education:			
Race to the Top – Early Learning Challenge - Recovery Act	84.412	154305-02	\$ 29,644
Race to the Top – Early Learning Challenge - Recovery Act	84.412	145133-01	<u>13,456</u>
			<u>43,100</u>
Total U.S. Department of Education			<u>9,812,568</u>
U.S. Department of Agriculture			
Passed through the Maryland State Department of Education			
State Administrative Expenses for Child Nutrition	10.560	154325-01	<u>2,864</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	155483-01	<u>31,000</u>
Passed through the Maryland State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	n/a	542,119
National School Lunch Program	10.555	n/a	2,381,430
Child and Adult Care Food Program	10.558	n/a	22,486
Summer Food Service Program for Children	10.559	n/a	<u>4,871</u>
			<u>2,950,906</u>
Passed through the Maryland Department of Natural Resources			
Forest Stewardship Program	10.678	K00B4400099	26,613
Forest Stewardship Program	10.678		<u>12,229</u>
			<u>38,842</u>
Total U.S. Department of Agriculture			<u>3,023,612</u>
U.S. Department of Commerce			
Passed through the Carroll County Public Schools			
Education Foundation			
Chesapeake Bay Studies	11.457	CCPSEF	<u>20,000</u>
Total U.S. Department of Commerce			<u>20,000</u>
National Endowment for the Humanities			
Passed through the Maryland Humanities Council			
Promotion of the Humanities - Federal/State Partnership	45.129		<u>550</u>
Total National Endowment for the Humanities			<u>550</u>
U.S. Department of Health and Human Services			
Passed through the Maryland State Department of Education			
Injury Prevention and Control Research and State and			
Community Based Programs			
	93.136	145391-01	<u>16,332</u>
Total U.S. Department of Health and Human Services			<u>16,332</u>
Total Federal Expenditures			<u>\$ 12,873,062</u>

BOARD OF EDUCATION OF CARROLL COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

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 for the year ended June 30, 2015.

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, 2015:

	Governmental Funds
REVENUE	
BALANCE PER FINANCIAL STATEMENTS	
Federal revenues	\$ 13,939,730
LESS	
Miscellaneous adjustments	131,326
Medical assistance revenue	<u>(1,197,994)</u>
TOTAL PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	<u>\$ 12,873,062</u>

**BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified that is (are) not considered to be a material weakness.	<u> </u>	Yes	<u> X </u>	None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiency(ies) identified that is (are) not considered to be a material weakness.	<u> </u>	Yes	<u> X </u>	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 Section 510(a) of Circular A-133?	<u> </u>	Yes	<u> X </u>	No
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Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number(s)
Race to the Top – ARRA	84.395
Title I	84.010
Improving Teacher Quality	84.367
Dollar threshold used to distinguish between type A and type B programs	<u>\$ 386,192</u>
Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> No

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Finding 2015-001: Compensated Absences

Condition:

Accumulated sick leave earned is recorded as a compensated absence liability for those employees that remain employed at June 30; however for those employees that retired in the current year, the liability was removed even though the retirees have not been completely paid for their accumulated sick leave by year end.

Criteria:

COSO/Internal Control Framework requires adequate internal controls to ensure that transactions are properly recorded and reduce the risk that errors will go undetected.

Cause:

The Board did not have sufficient controls in place to ensure the correct data was captured for the calculation of the liability at year end.

Effect:

This resulted in a material understatement in the compensated absences liability at June 30, 2015 and 2014. The understatement of compensated absences was material, and as a result, an audit adjustment to beginning net position and current compensated absences liability was required. In addition, the current year expense recorded in the Statement of Activities was adjusted to properly reflect the current year amount.

Recommendation:

We recommend the Board review their policies and procedures and make changes as necessary to ensure that accumulated sick leave earned by retirees, but not paid to those retirees is properly recorded for financial statement purposes.

Views of Responsible Management Official and Corrective Action Plan:

The Board agrees with the auditor's assessment of Compensated Absences. As mentioned, the remaining sick leave payoff liability was not captured in the financial statements; however, we wish to reiterate that employees have been paid appropriately for their sick leave payoff. We will review our current financial reporting procedures to ensure that appropriate data is captured and used in the preparation of future financial statements.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

No prior year findings related to federal awards.