

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

**REPORT ON SINGLE AUDIT
June 30, 2014**

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CliftonLarsonAllen

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, 2014, 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 26, 2014.

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.

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 the attention of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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, 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*.

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 entity's internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
September 26, 2014



**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, 2014. 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, 2014.

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, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated September 26, 2014, 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

Baltimore, Maryland
October 22, 2014, except for the Schedule
of Expenditures of Federal Awards which
is dated September 26, 2014

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

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	124529-01	\$ 64,727
Title I Grants to Local Educational Agencies	84.010	134392-01	341,778
Title I Grants to Local Educational Agencies	84.010	144485-01	1,735,328
Title I Grants to Local Educational Agencies	84.010	135045-02	43,257
Title I Grants to Local Educational Agencies	84.010	135060-02	6,060
Title I Grants to Local Educational Agencies	84.010	135175-02	56,395
Title I Grants to Local Educational Agencies	84.010	144842-01	60,167
Title I Grants to Local Educational Agencies	84.010	145122-01	<u>2,257</u>
			<u>2,309,969</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	135111-01	59,817
Special Education - Grants to States	84.027	144280-01	4,873,280
Special Education - Grants to States	84.027	144280-02	31,010
Special Education - Grants to States	84.027	144279-01	158,745
Special Education - Grants to States	84.027	134373-05	7,720
Special Education - Grants to States	84.027	144214-05	59,733
Special Education - Grants to States	84.027	144280-06	131,704
Special Education - Grants to States	84.027	144214-02	23,287
Special Education - Grants to States	84.027	144280-05	2,500
Special Education - Preschool Grants	84.173	144279-02	1,840
Special Education - Preschool Grants	84.173	134522-03	15,760
Special Education - Preschool Grants	84.173	144280-03	165,121
Special Education - Preschool Grants	84.173	144280-04	451
Special Education - Preschool Grants	84.173	144214-03	7,000
Special Education - Preschool Grants	84.173	144700-02	<u>11,079</u>
			<u>5,549,047</u>
Career and Technical Education - Basic Grants to States			
Career and Technical Education - Basic Grants to States	84.048	135122-01	10,065
Career and Technical Education - Basic Grants to States	84.048	145160-01	11,031
Career and Technical Education - Basic Grants to States	84.048	144665-01	27,221
Career and Technical Education - Basic Grants to States	84.048	144506-01	<u>171,473</u>
			<u>219,790</u>
Special Education - Grants for Infants and Families	84.181	144214-01	<u>135,171</u>
Education for Homeless Children & Youth			
Education for Homeless Children & Youth	84.196	134614-01	2,403
Education for Homeless Children & Youth	84.196	144736-01	<u>1,577</u>
			<u>3,980</u>
English Language Acquisition Grants			
English Language Acquisition Grants	84.365	144358-01	20,437
English Language Acquisition Grants	84.365	135280-01	5,000
English Language Acquisition Grants	84.365	134212-01	3,782
English Language Acquisition Grants	84.365	144582-01	<u>19,632</u>
			<u>48,851</u>

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014
(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:			
Mathematics and Science Partnerships	84.366	via HCPSS	\$ 8,750
Improving Teacher Quality State Grants	84.367	134588-02	66,498
Improving Teacher Quality State Grants	84.367	144764-01	411,612
			<u>478,110</u>
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-02	2,683
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-03	11,021
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-13	6,136
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	144940-01	36,201
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	144463-01	214,878
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	145353-01	2,340
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	135303-01	116,806
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	135303-02	1,875
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	145074-01	2,531
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	144431-01	28,743
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	TBD	573
			<u>423,787</u>
Race to the Top – Early Learning Challenge - Recovery Act	84.412	145133-01	3,698
Total U.S. Department of Education			<u>9,181,153</u>
U.S. Department of Agriculture			
Passed through the Maryland State Department of Education			
State Administrative Expenses for Child Nutrition	10.560	135382-01	13,007
State Administrative Expenses for Child Nutrition	10.560	154325-01	6,986
			<u>19,993</u>
Passed through the Maryland State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	n/a	515,743
National School Lunch Program	10.555	n/a	2,325,075
Summer Food Service Program for Children	10.559	n/a	2,534
			<u>2,843,352</u>

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014
(Continued)

<u>Federal Grantor / Pass-Through</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture (Continued)			
Passed through the Maryland Department of Natural Resources			
Forest Stewardship Program	10.678	K00B4400099	\$ <u>28,387</u>
Total U.S. Department of Agriculture			<u>2,891,732</u>
Passed through the Carroll County Public Schools Education Foundation			
Chesapeake Bay Studies	11.457	CCPSEF	68,200
Chesapeake Bay Studies	11.457	CCPSEF	<u>2,254</u>
Total U.S. Department of Commerce			<u>70,454</u>
U.S. Department of Health and Human Services			
Passed through the Maryland State Department of Education			
ARRA - Head Start	93.708	135084-01	<u>350</u>
Sexual Assault Prevention Grant	93.136	145046-01	<u>7,429</u>
Total U.S. Department of Health and Human Services			<u>7,779</u>
U.S. Department of Homeland Security			
Passed through the Maryland Department of the Military			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-03-MD-4170-PW-00017(0)	<u>83,615</u>
Passed through Maryland Passed through Regional Passed through Carroll County Government			
Homeland Security Grant Program	97.067	CCG MOU	<u>13,413</u>
Total U.S. Department of Homeland Security			<u>97,028</u>
Total Federal Expenditures			<u>\$ <u>12,248,146</u></u>

BOARD OF EDUCATION OF CARROLL COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2014

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, 2014.

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, 2014:

	Governmental Funds
REVENUE	
BALANCE PER FINANCIAL STATEMENTS	
Federal revenues	\$ 13,451,855
LESS	
Miscellaneous adjustments	(49,311)
Medical assistance revenue	<u>(1,154,398)</u>
TOTAL PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	<u>\$ 12,248,146</u>

**BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___	Yes	___ <u>X</u>	No
Significant deficiency(s) identified that are not considered to be material weaknesses	___	Yes	___ <u>X</u>	None Reported
Noncompliance material to financial statements noted?	___	Yes	___ <u>X</u>	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	___	Yes	___ <u>X</u>	No
Significant deficiency(s) identified that are not considered to be material weaknesses	___	Yes	___ <u>X</u>	None Reported

Type of auditor's 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?	___	Yes	___ <u>X</u>	No
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Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster
84.395	Race to the Top – ARRA
84.010	Title I
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs		\$ <u>367,444</u>	
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Auditee qualified as low-risk auditee?	___	Yes	___ <u>X</u>	No
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BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

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

A. Significant Deficiencies in Internal Control

None.

B. Compliance Findings

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Significant Deficiencies in Internal Control

None.

B. Compliance Findings

None.

**BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014**

No prior year findings related to federal awards.