

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

**REPORT ON SINGLE AUDIT
June 30, 2008**

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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***

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Carroll County as of and for the year ended June 30, 2008, which collectively comprise the Board of Education of Carroll County's basic financial statements and have issued our report thereon dated September 26, 2008. 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 Board of Education of Carroll County'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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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.

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 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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of Carroll County'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*.

This report is intended solely for the information and use of the Board, audit committee, management 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.

Clifton Henderson LLP

Baltimore, Maryland
September 26, 2008

**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**

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

Compliance

We have audited the compliance of the Board of Education of Carroll County 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, 2008. The Board of Education of Carroll County'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 Board of Education of Carroll County's management. Our responsibility is to express an opinion on the Board of Education of Carroll County'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 Board of Education of Carroll County'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 Board of Education of Carroll County's compliance with those requirements.

In our opinion, the Board of Education of Carroll County 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, 2008.

Internal Control Over Compliance

The management of the Board of Education of Carroll County 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 Board of Education of Carroll County'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 Board'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 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 governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Carroll County as of and for the year ended June 30, 2008, and have issued our report thereon dated September 26, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of Carroll County'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 audit committee, management, 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.



Baltimore, Maryland
October 27, 2008 except for the schedules of Expenditures
of Federal Awards, which is September 26, 2008

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2008

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Education			
Direct Programs:			
Safe and Drug-Free Schools and Communities - National Programs	84.184	Q184B080025	\$ 20,229
Passed through Maryland State Department of Education:			
Adult Education - State Grant Program	84.002	700813-04	3,847
Adult Education - State Grant Program	84.002	700813-08	7,388
Adult Education - State Grant Program	84.002	700813-10	5,408
Adult Education - State Grant Program	84.002	700813-09	131
			<u>16,774</u>
Title I Grants to Local Educational Agencies	84.010	700538-01	274,732
Title I Grants to Local Educational Agencies	84.010	701879-01	1,148
Title I Grants to Local Educational Agencies	84.010	800731-01	1,401,634
Title I Grants to Local Educational Agencies	84.010	800731-02	170,000
			<u>1,847,514</u>
Special Education Cluster			
Special Education - Grants to States	84.027	700137-01	186,404
Special Education - Grants to States	84.027	700137-03	601
Special Education - Grants to States	84.027	700521-03	563
Special Education - Grants to States	84.027	701556-01	26
Special Education - Grants to States	84.027	702140-01	3,114
Special Education - Grants to States	84.027	800158-01	4,617,521
Special Education - Grants to States	84.027	800158-02	21,398
Special Education - Grants to States	84.027	800158-03	18,500
Special Education - Grants to States	84.027	800158-04	65,794
Special Education - Grants to States	84.027	800183-01	25,269
Special Education - Grants to States	84.027	800188-01	15,572
Special Education - Grants to States	84.027	800195-01	42,442
Special Education - Grants to States	84.027	800242-05	30,791
Special Education - Grants to States	84.027	800298-01	14,270
Special Education - Grants to States	84.027	801666-01	390,618
Special Education - Preschool Grants	84.173	800158-05	177,614
Special Education - Preschool Grants	84.173	800242-03	7,000
Special Education - Preschool Grants	84.173	800968-02	23,712
			<u>5,641,209</u>
Career and Technical Education - Grants to States	84.048	701569-02	3,667
Career and Technical Education - Grants to States	84.048	801493-01	184,471
Career and Technical Education - Grants to States	84.243	801493-02	22,007
Career and Technical Education - Grants to States	84.048	801529-02	15,659
			<u>225,804</u>
Special Education - Grants for Infants and Families with Disabilities	84.181	800242-01	182,458
			<u>182,458</u>

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2008
(Continued)

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Education (Continued)			
Safe and Drug-Free Schools and Communities - State Grants	84.186	700191-01	\$ 59,874
Safe and Drug-Free Schools and Communities - State Grants	84.186	800401-01	17,624
			<u>77,498</u>
Tech-Prep Education	84.243	700858-03	190
Tech-Prep Education	84.243	701785-01	16,454
Tech-Prep Education	84.243	801994-01	6,619
			<u>23,263</u>
Twenty-First Century Community Learning Centers	84.287	602061-01	21,716
Twenty-First Century Community Learning Centers	84.287	602253-01	5,188
Twenty-First Century Community Learning Centers	84.287	800904-01	263,520
Twenty-First Century Community Learning Centers	84.287	800905-01	432,555
Twenty-First Century Community Learning Centers	84.287	802023-01	11,666
			<u>734,645</u>
State Grants for Innovative Programs	84.367	700617-01	15,998
State Grants for Innovative Programs	84.367	800757-01	29,829
			<u>45,827</u>
Education Technology State Grants	84.318	601024-02	100
Education Technology State Grants	84.318	700676-01	1,048
Education Technology State Grants	84.318	800950-01	16,341
Education Technology State Grants	84.318	via Baltimore Co.	2,486
Education Technology State Grants	84.318	via Montgomery Co.	1,548
Education Technology State Grants	84.318	via Montgomery Co.	24,089
Education Technology State Grants	84.318	via Montgomery Co.	3,320
			<u>48,932</u>
English Language Acquisition Grants	84.365	700352-01	8,485
English Language Acquisition Grants	84.365	800569-01	15,145
English Language Acquisition Grants	84.365	800569-02	1,987
			<u>25,617</u>
Improving Teacher Quality State Grants	84.367	600465-01	350
Improving Teacher Quality State Grants	84.367	700617-02	-
Improving Teacher Quality State Grants	84.367	700641-01	74,529
Improving Teacher Quality State Grants	84.367	800757-02	159,523
Improving Teacher Quality State Grants	84.367	800783-01	341,867
Improving Teacher Quality State Grants	84.367	800783-02	153
			<u>576,422</u>
Total U.S. Department of Education			<u>9,466,192</u>

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2008
(Continued)

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Maryland State Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	n/a	\$ 179,899
National School Lunch Program	10.555	n/a	1,816,437
			<u>1,996,336</u>
Total U.S. Department of Agriculture			
U.S. Department of Health and Human Services			
Passed through Maryland State Department of Education:			
Preventive Health and Health Services Block Grant	93.991	701622-01	12,960
Preventive Health and Health Services Block Grant	93.991	801627-01	7,489
			<u>20,449</u>
Total U.S. Department of Health and Human Services			
U.S. Department of Interior			
Passed through Maryland State Department of Natural Resources:			
Sport Fish Restoration	15.605	K00P8201457	3,447
			<u>3,447</u>
Total U.S. Department of Interior			
U.S. Corporation for National and Community Service			
Passed through Maryland State Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	701508-01	2,919
Learn and Serve America - School and Community Based Programs	94.004	801524-01	11,000
Youth Ready to Respond	94.004	802132-01	13,336
			<u>27,255</u>
Total U.S. Corporation for National and Community Service			
Total Federal Expenditures			<u><u>\$ 11,513,679</u></u>

BOARD OF EDUCATION OF CARROLL COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2008

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, 2008.

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 GENERAL PURPOSE FINANCIAL STATEMENTS AND FINANCIAL FEDERAL REPORTS

The following schedule reconciles the amount per the financial statements to the amounts per the Schedule of Expenditures of Federal Awards for the year ended June 30, 2008:

	Food Service Fund	General Fund	Total
REVENUE			
BALANCE PER FINANCIAL STATEMENTS			
Federal revenues	\$ 1,966,336	\$ 10,944,622	\$ 12,940,958
LESS			
Miscellaneous adjustments	-	67,221	67,221
Medical assistance revenue	-	1,360,056	1,360,056
TOTAL PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	\$ 1,966,336	\$ 9,517,343	\$ 11,513,679

**BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

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: Unqualified

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 84.010	Child Nutrition Cluster Title I

Dollar threshold used to distinguish between type A and type B programs	\$ 345,411
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Auditee qualified as low-risk auditee?	<u>X</u>	Yes	___	No
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**BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008**

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

A. Material Weakness in Internal Control

None.

B. Compliance Findings

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.