

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

**REPORT ON SINGLE AUDIT
June 30, 2013**

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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, 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), as of and for the year ended June 30, 2013, 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, 2013.

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 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.

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

CliftonLarsonAllen LLP

Baltimore, Maryland
September 27, 2013



CliftonLarsonAllen

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, 2013. 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, 2013.

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, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated October 17, 2013, 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 17, 2013, except for the Schedule
of Expenditures of Federal Awards which
is dated September 27, 2013

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	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	\$ 537,892
Title I Grants to Local Educational Agencies	84.010	134392-01	1,718,721
Title I Grants to Local Educational Agencies	84.010	135045-02	23,359
Title I Grants to Local Educational Agencies	84.010	135060-02	60,850
Title I Grants to Local Educational Agencies	84.010	135175-02	38,945
			<u>2,379,767</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	124249-01	364,350
Special Education - Grants to States	84.027	125443-01	20,726
Special Education - Grants to States	84.027	134263-01	5,200,624
Special Education - Grants to States	84.027	134263-02	46,780
Special Education - Grants to States	84.027	134263-05	15,000
Special Education - Grants to States	84.027	134263-06	2,500
Special Education - Grants to States	84.027	134263-07	10,000
Special Education - Grants to States	84.027	134263-08	108,280
Special Education - Grants to States	84.027	134373-02	21,517
Special Education - Grants to States	84.027	134373-05	48,851
Special Education - Grants to States	84.027	135111-01	492,369
Special Education - Preschool Grants	84.173	124249-03	52,114
Special Education - Preschool Grants	84.173	125325-02	9,762
Special Education - Preschool Grants	84.173	125443-02	3,480
Special Education - Preschool Grants	84.173	134263-03	165,739
Special Education - Preschool Grants	84.173	134263-04	1,704
Special Education - Preschool Grants	84.173	134373-03	7,000
Special Education - Preschool Grants	84.173	134522-03	7,224
			<u>6,578,020</u>
Career and Technical Education - Basic Grants to States	84.048	134768-01	172,066
Career and Technical Education - Basic Grants to States	84.048	134945-01	37,612
Career and Technical Education - Basic Grants to States	84.048	135122-01	14,935
			<u>224,613</u>
Special Education - Grants for Infants and Families	84.181	124170-01	26,986
Special Education - Grants for Infants and Families	84.181	134373-01	124,893
			<u>151,879</u>
Education for Homeless Children & Youth	84.196	124781-01	1,724
Education for Homeless Children & Youth	84.196	134614-01	7,597
			<u>9,321</u>
Educational Technology State Grants	84.318	via MCPS	935

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013
(Continued)

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Grant Number	Federal Expenditures
English Language Acquisition Grants	84.365	124287-01	\$ 13,669
English Language Acquisition Grants	84.365	134212-01	27,566
English Language Acquisition Grants	84.365	134212-02	5,310
			<u>46,545</u>
Improving Teacher Quality State Grants	84.367	124204-01	26,859
Improving Teacher Quality State Grants	84.367	134588-01	4,892
Improving Teacher Quality State Grants	84.367	134588-02	535,111
			<u>566,862</u>
Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-02	23,435
Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-03	18,073
Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-06	2,526
Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-07	929
Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-08	3,574
Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-11	527
Race-to-the-Top Incentive Grants - Recovery Act	84.395	125237-01	8,029
Race-to-the-Top Incentive Grants - Recovery Act	84.395	125372-01	5,000
Race-to-the-Top Incentive Grants - Recovery Act	84.395	125372-02	30,000
Race-to-the-Top Incentive Grants - Recovery Act	84.395	125640-01	72,637
Race-to-the-Top Incentive Grants - Recovery Act	84.395	125640-02	2,250
Race-to-the-Top Incentive Grants - Recovery Act	84.395	125704-01	48,480
Race-to-the-Top Incentive Grants - Recovery Act	84.395	134703-01	125,000
Race-to-the-Top Incentive Grants - Recovery Act	84.395	134716-01	28,182
Race-to-the-Top Incentive Grants - Recovery Act	84.395	135303-01	970
			<u>369,612</u>
Education Jobs Fund	84.410	134310-01	4,670
Total U.S. Department of Education			<u>10,332,224</u>
U.S. Department of Agriculture			
Direct Programs:			
Cooperative Extension Service	10.500	2008-45201-04823	907
Passed through the Maryland State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	n/a	492,708
National School Lunch Program	10.555	n/a	2,372,159
			<u>2,864,867</u>

BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013
(Continued)

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Grant Number	Federal Expenditures
Passed through the Maryland Department of Natural Resources Forest Stewardship Program	10.678	MD DNR	\$ 1,617
Total U.S. Department of Agriculture			<u>2,867,391</u>
U.S. Department of Commerce			
Passed through the Carroll County Public Schools Education Foundation Chesapeake Bay Studies	11.457	CCPSEF	<u>74,314</u>
Total U.S. Department of Commerce			<u>74,314</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>2,441</u>
Total U.S. Department of Health and Human Services			<u>2,441</u>
U.S. Department of Homeland Security			
Passed through Carroll County Government Homeland Security Grant Program	97.067	CCG MOU	<u>4,387</u>
Total U.S. Department of Homeland Security			<u>4,387</u>
U.S. Department of the Interior			
Passed through the Maryland Department of Natural Resources Sport Fish Restoration Program	15.605	K00P3400512	<u>1,292</u>
Total U.S. Department of the Interior			<u>1,292</u>
U.S. Department of Energy			
Passed through the Executive Office of the Governor / MEMA Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	2013-04-471R1	<u>47,100</u>
Total U.S. Department of Energy			<u>47,100</u>
National Science Foundation			
Passed through the Community Colleges of Baltimore County Education and Human Resource	47.076	CCBC TIME Center	<u>1,498</u>
Total National Science Foundation			<u>1,498</u>
Total Federal Expenditures			<u>\$ 13,330,647</u>

BOARD OF EDUCATION OF CARROLL COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

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, 2013.

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, 2013:

	Governmental Funds
REVENUE	
BALANCE PER FINANCIAL STATEMENTS	
Federal revenues	\$ 14,794,285
PLUS	
Miscellaneous adjustments	37,933
LESS	
Medical assistance revenue	(1,501,571)
TOTAL PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	\$ 13,330,647

**BOARD OF EDUCATION OF CARROLL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

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 84.395	Special Education Cluster Race to the Top - ARRA

Dollar threshold used to distinguish between type A and type B programs \$ 399,919

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, 2013

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, 2013**

No prior year findings related to federal awards.