

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

**REPORT ON SINGLE AUDIT  
June 30, 2011**

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORTS</b>	
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 Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133.....	3
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b> .....	5
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b> .....	8
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b> .....	9
<b>SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS</b> .....	11



**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 (the Board) as of and for the year ended June 30, 2011, which collectively comprise the Board of Education of Carroll County's basic financial statements and have issued our report thereon dated September 30, 2011. 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'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 Board'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 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 misstatements on a timely basis. A material weakness is a deficiency, or 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.

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 over financial reporting that might be deficiencies, 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'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*.

We noted certain matters that we reported to management of the Board of Education of Carroll County in a separate letter dated September 30, 2011.

This report is intended solely for the information and use of the Board, 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 30, 2011

**Independent Auditor's Report on Compliance with Requirements That  
Could Have a Direct and Material Effect on Each Major Program and  
on Internal Control over Compliance and Schedule of Expenditures  
of Federal Awards 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 (the Board) 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 its major federal programs for the year ended June 30, 2011. The Board'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's management. Our responsibility is to express an opinion on the Board'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'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's compliance with those requirements.

In our opinion, the Board 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, 2011.

### **Internal Control Over Compliance**

The management of the Board 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'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 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.

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 that might be deficiencies, 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 Expenditure 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 as of and for the years ended June 30, 2011 and have issued our report thereon dated September 30, 2011. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2011 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 management, audit committee, 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 Gunderson LLP*

Baltimore, Maryland  
October 18, 2011, except for the Schedule  
of Expenditures of Federal Awards which  
is dated September 30, 2011

**BOARD OF EDUCATION OF CARROLL COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2011**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Grant Number	Federal Expenditures
<b>U.S. Department of Education</b>			
Direct Programs:			
Safe and Drug-Free Schools and Communities - National Programs	84.184	Q184B080025	\$ <u>23,914</u>
Passed through the Maryland State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	104794-01	109,224
Title I Grants to Local Educational Agencies	84.010	114464-01	994,886
Title I Grants to Local Educational Agencies	84.010	105873-01	100
Title I Grants to Local Educational Agencies	84.010	116046-01	<u>1,870</u>
			<u>1,106,080</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	114498-01	2,778,970
Special Education - Grants to States	84.027	104711-01	45,443
Special Education - Grants to States	84.027	114500-01	50,000
Special Education - Grants to States	84.027	114498-06	20,864
Special Education - Grants to States	84.027	114498-07	10,000
Special Education - Grants to States	84.027	104219-13	157
Special Education - Grants to States	84.027	104709-01	1,390
Special Education - Grants to States	84.027	114499-01	7,120
Special Education - Grants to States	84.027	114497-01	70,609
Special Education - Grants to States	84.027	114496-01	71,922
Special Education - Grants to States	84.027	104708-01	6,130
Special Education - Grants to States	84.027	114494-01	22,000
Special Education - Grants to States	84.027	114495-01	17,180
Special Education - Grants to States	84.027	114107-02	27,258
Special Education - Grants to States	84.027	104377-02	385
Special Education - Grants to States	84.027	114498-08	2,500
Special Education - Grants to States	84.027	104219-07	102
Special Education - Grants to States	84.027	104877-01	113
Special Education - Grants to States	84.027	114498-05	6,000
Special Education - Grants to States	84.027	104388-01	103,866
Special Education - Grants to States	84.027	114498-02	41,757
Special Education - Preschool Grants	84.173	114498-04	2,443
Special Education - Preschool Grants	84.173	114107-03	7,000
Special Education - Preschool Grants	84.173	114585-02	26,428
Special Education - Preschool Grants	84.173	104822-02	6,149
Special Education - Grants to States - Recovery Act	84.391	104503-01	3,622,803
Special Education - Grants to States - Recovery Act	84.391	104503-05	18,365
Special Education - Grants to States - Recovery Act	84.391	104503-02	549,171
Special Education - Preschool Grants - Recovery Act	84.392	104503-03	203,225
Special Education - Preschool Grants - Recovery Act	84.392	104503-06	579
Special Education - Preschool Grants - Recovery Act	84.392	104503-04	<u>35,922</u>
			7,755,851
Career and Technical Education - Basic Grants to States			
Career and Technical Education - Basic Grants to States	84.048	114662-01	190,465
Career and Technical Education - Basic Grants to States	84.048	114673-01	36,700
Career and Technical Education - Basic Grants to States	84.048	104937-02	<u>451</u>
			<u>227,616</u>

**BOARD OF EDUCATION OF CARROLL COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2011**  
(Continued)

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Grant Number	Federal Expenditures
Grants for Early Intervention Services (IDEA) Cluster			
Special Education - Grants for Infants and Families - Recovery Act	84.393	104637-01	\$ 126,536
Special Education - Grants for Infants and Families - Recovery Act	84.393	104637-02	<u>304,405</u>
			<u>430,941</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	104287-01	<u>39,491</u>
Rehabilitation Services Demonstration and Training Programs	84.235	104680-01	<u>7,997</u>
Tech-Prep Education	84.243	114662-02	<u>21,268</u>
Educational Technology State Grants Cluster			
Educational Technology State Grants	84.318	via MCPS (105769)	6,838
Educational Technology State Grants	84.318	via AACPS (105935)	76,065
Educational Technology State Grants	84.318	via AACPS (105935-01)	37,052
Educational Technology State Grants - Recovery Act	84.386	via BCPS (105972)	8,593
Educational Technology State Grants - Recovery Act	84.386	via HCPS (105915)	<u>3,477</u>
			<u>132,025</u>
English Language Acquisition Grants	84.365	104619-01	15,244
English Language Acquisition Grants	84.365	115184-01	16,483
English Language Acquisition Grants	84.365	900542-01	149
English Language Acquisition Grants	84.365	105941-01	<u>4,292</u>
			<u>36,168</u>
Improving Teacher Quality State Grants	84.367	114272-01	517,487
Improving Teacher Quality State Grants	84.367	104596-01	<u>265,175</u>
			<u>782,662</u>
Education for Homeless Children and Youth - Recovery Act	84.387	104862-01	<u>47,775</u>
State Fiscal Stabilization Cluster			
State Fiscal Stabilization Fund - Education State Grants - Recovery Act	84.394	104336-01	791,828
State Fiscal Stabilization Fund - Education State Grants - Recovery Act	84.394	114072-01	1,800,761
State Fiscal Stabilization Fund - Education State Grants - Recovery Act	84.394	114072-03	730,387
State Fiscal Stabilization Fund - Education State Grants - Recovery Act	84.394	114072-05	<u>741,448</u>
			<u>4,064,424</u>
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-01	328
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-03	5,700
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-05	5,878
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants - Recovery Act	84.395	115745-09	<u>1,731</u>
			<u>13,637</u>
Total U.S. Department of Education			<u>14,689,849</u>

**BOARD OF EDUCATION OF CARROLL COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2011**  
(Continued)

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Grant Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Direct Programs:			
Cooperative Extension Service	10.500	2005-45201-03329	\$ 2,375
Cooperative Extension Service	10.500	2008-45201-04823	<u>1,979</u>
			<u>4,354</u>
Passed through Maryland State Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	n/a	314,379
National School Lunch Program	10.555	n/a	<u>2,185,540</u>
			<u>2,499,919</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	114261-01	<u>11,370</u>
Total U.S. Department of Agriculture			<u>2,515,643</u>
<b>U.S. Department of Commerce</b>			
Passed through Carroll County Public Schools Education Foundation:			
Chesapeake Bay Studies	11.457	CCPSEF	<u>29,123</u>
Total U.S. Department of Commerce			<u>29,123</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through Maryland Department of Health and Mental Hygiene:			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	DHMH	<u>4,272</u>
Passed through Maryland State Department of Education:			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	115769-01	<u>2,500</u>
Preventative Health and Human Services Block Grant	93.991	105622-01	8,481
Preventative Health and Human Services Block Grant	93.991	115827-01	<u>7,176</u>
			<u>15,657</u>
Total U.S. Department of Health and Human Services			<u>22,429</u>
<b>U.S. Corporation for National and Community Service</b>			
Passed through Maryland State Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	114380-01	5,106
Learn and Serve America - School and Community Based Programs	94.004	105731-01	<u>475</u>
Total U.S. Corporation for National and Community Service			<u>5,581</u>
<b>Total Federal Expenditures</b>			<u>\$ 17,262,625</u>

**BOARD OF EDUCATION OF CARROLL COUNTY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2011**

**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, 2011.

**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, 2011:

	<b>Governmental Funds</b>
<b>REVENUE</b>	
<b>BALANCE PER FINANCIAL STATEMENTS</b>	
Federal revenues	\$ 18,175,406
<b>PLUS</b>	
Miscellaneous adjustments	11,357
<b>LESS</b>	
Medical assistance revenue	(924,138)
<b>TOTAL PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>\$ 17,262,625</b>

**BOARD OF EDUCATION OF CARROLL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011**

**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:**

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173, 84.391, 84.392 84.394 84.010 10.553, 10.555 84.318, 84.386	Special Education Cluster State Fiscal Stabilization Title I Child Nutrition Cluster Education Technology

Dollar threshold used to distinguish between type A and type B programs	<u>\$ 517,879</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, 2011**

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

A. Material Weaknesses 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  
Year Ended June 30, 2011**

No prior year findings related to federal awards.