

**BOARD OF EDUCATION OF  
CARROLL COUNTY, MARYLAND**

**REPORT ON SINGLE AUDIT**

**YEAR ENDING JUNE 30, 2017**

**BOARD OF EDUCATION OF CARROLL COUNTY, MARYLAND  
TABLE OF CONTENTS  
YEAR ENDING JUNE 30, 2017**

<b>INDEPENDENT AUDITORS' 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></b>	<b>1</b>
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>3</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>6</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>8</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>9</b>



CliftonLarsonAllen

CliftonLarsonAllen LLP  
CLAconnect.com

**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, Maryland (the Board), a component unit of Carroll County, Maryland as of and for the year ended June 30, 2017, 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 29, 2017.

**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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described below as finding 2017-001 that we considered 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, 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*.

**Board's Response to Findings**

The Board's response to the finding identified in our audit is described below. The Board's response was not subject 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 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.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 29, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND  
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

### **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 Uniform Guidance, 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 a 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated September 29, 2017, 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 the Uniform Guidance 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

Members of the Board of  
Education of Carroll County

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 expenditures 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 21, 2017

**BOARD OF EDUCATION OF CARROLL COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

Federal Grantor / Pass-Through	CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
<b>U.S. Department of Education</b>				
Passed through the Maryland State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	165110-01	N/A	\$ 185,871
Title I Grants to Local Educational Agencies	84.010	170828-01	N/A	2,188,966
Title I Grants to Local Educational Agencies	84.010	154356-01	N/A	(69)
Title I Grants to Local Educational Agencies	84.010	165154-01	N/A	16,706
Title I Grants to Local Educational Agencies	84.010	165593-01	N/A	846
Total Title I Grants				<u>2,392,320</u>
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	170303-01	N/A	5,039,632
Special Education - Grants to States	84.027	180953-01	N/A	17,983
Special Education - Grants to States	84.027	170303-04	N/A	117,088
Special Education - Grants to States	84.027	164715-04	N/A	49
Special Education - Grants to States	84.027	170128-01	N/A	77,589
Special Education - Grants to States	84.027	164498-01	N/A	2,147
Special Education - Grants to States	84.027	170303-05	N/A	177
Special Education - Grants to States	84.027	170303-03	N/A	863
Special Education - Grants to States	84.027	170303-02	N/A	36,534
Special Education - Grants to States	84.027	180953-02	N/A	145
Total Special Education - Grants to States				<u>5,292,207</u>
Special Education - Preschool Grants	84.173	170304-01	N/A	165,125
Special Education - Preschool Grants	84.173	170304-02	N/A	447
Special Education - Preschool Grants	84.173	170227-01	N/A	7,000
Special Education - Preschool Grants	84.173	170227-02	N/A	6,329
Special Education - Preschool Grants	84.173	170304-03	N/A	18,487
Total Special Education - Preschool Grants				<u>197,388</u>
Total Special Education Cluster (IDEA)				<u>5,489,595</u>
Career and Technical Education - Basic Grants to States	84.048	170522-01	N/A	165,321
Career and Technical Education - Basic Grants to States	84.048	165047-01	N/A	6,254
Career and Technical Education - Basic Grants to States	84.048	170697-01	N/A	60,808
Total Career and Technical Education - Basic Grants to States				<u>232,383</u>
Special Education - Grants for Infants and Families	84.181	170256-01	N/A	172,254
Special Education - Grants for Infants and Families	84.181	164450-02	N/A	5,700
Total Special Education - Grants for Infants and Families				<u>177,954</u>
English Language Acquisition Grants	84.365	165714-01	N/A	3,600
English Language Acquisition Grants	84.365	164294-01	N/A	1,828
English Language Acquisition Grants	84.365	170656-01	N/A	11,159
Total English Language Acquisition Grants				<u>16,587</u>
Mathematics and Science Partnerships	84.366	via HCPS	N/A	<u>3,389</u>

See accompanying notes to the Schedule.

**BOARD OF EDUCATION OF CARROLL COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

Federal Grantor / Pass-Through	CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
<b>U.S. Department of Education (Continued)</b>				
Passed through the Maryland State Department of Education:				
Improving Teacher Quality State Grants	84.367	170971-01	N/A	\$ 400,294
Improving Teacher Quality State Grants	84.367	165314-01	N/A	136,908
Total Improving Teacher Quality State Grants				<u>537,202</u>
Statewide Longitudinal Data Systems	84.372	170961-01	N/A	<u>1,724</u>
Preschool Development Grants	84.419	170611-01	N/A	115,926
Preschool Development Grants	84.419	171007-01	N/A	146,347
Preschool Development Grants	84.419	171008-01	N/A	165,000
Total Preschool Development Grants				<u>427,273</u>
Total U.S. Department of Education				<u>9,278,427</u>
<b>U.S. Department of Agriculture</b>				
Passed through the Maryland State Department of Education:				
State Administrative Expenses for Child Nutrition	10.560	170298-01	N/A	<u>3,420</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	171189-01	N/A	<u>5,900</u>
Child Nutrition Cluster				
School Breakfast Program	10.553	None provided	N/A	636,480
National School Lunch Program	10.555	None provided	N/A	2,520,633
Summer Food Service Program for Children	10.559	None provided	N/A	15,282
Total Child Nutrition Cluster				<u>3,172,395</u>
Child and Adult Care Food Program	10.558	None provided	N/A	<u>8,890</u>
Total U.S. Department of Agriculture				<u>3,190,605</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through the Maryland State Department of Education				
Injury Prevention and Control Research and State and Community Based Programs	93.136	171161-01	N/A	<u>3,953</u>
Child Care and Development Block Grant	93.575	165838-01	N/A	<u>18,351</u>
Total U.S. Department of Health and Human Services				<u>22,304</u>
 <b>Total Federal Expenditures</b>				 <u><u>\$ 12,491,336</u></u>

See accompanying notes to the Schedule.

**BOARD OF EDUCATION OF CARROLL COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2017**

**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, 2017.

**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, 2017:

	Governmental Funds
<b>REVENUE</b>	
<b>BALANCE PER FINANCIAL STATEMENTS</b>	
Federal Revenues	\$ 13,772,694
<b>LESS</b>	
Miscellaneous Adjustments	4,112
Medical Assistance Revenue	(1,285,470)
Total Per Schedule of Expenditures of Federal Awards	\$ 12,491,336

**NOTE 3 INDIRECT COST RATE**

The Board has not elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

**BOARD OF EDUCATION OF CARROLL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

***Section I – Summary of Auditors’ Results***

***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?     X     yes            no
  - Significant deficiency(ies) identified?            yes     X     none reported
3. Noncompliance material to financial statements noted?            yes     X     no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified?            yes     X     no
  - Significant deficiency(ies) identified?            yes     X     none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            yes     X     no

***Identification of Major Federal Programs***

**CFDA Number(s)**

84.010  
10.CNC

**Name of Federal Program or Cluster**

Title I  
Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?            yes     X     no

**BOARD OF EDUCATION OF CARROLL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

---

***Section II – Financial Statement Findings***

---

**Finding 2017-001: Capital Asset Depreciation**

*Condition*

Depreciation for four school buildings was not being properly calculated and recorded for financial statement purposes.

*Criteria*

The Board should have controls in place to ensure that all capital assets are properly recorded in the subsidiary ledger and depreciation is being correctly calculated on an annual basis.

*Cause*

The capital asset listing contained the incorrect cost of two school buildings. Therefore, depreciation expense has been improperly calculated and recorded annually since those buildings were placed into service. In addition, accumulated depreciation for two school buildings was incorrectly transferred during the conversion to a new fixed asset software system years ago. This resulted in an incorrect accumulated depreciation balance subsequent to the system conversion.

*Effect*

Accumulated depreciation was overstated at July 1, 2016; therefore, an audit adjustment to beginning net position and accumulated depreciation was required. In addition, current year depreciation expense recorded in the Statement of Activities was adjusted to properly reflect the current year amount.

*Recommendation*

We recommend that management review the existing policies and procedures related to the recording of capital assets and related depreciation in the subsidiary ledger to ensure all assets are placed into service at the correct cost and the assets are being properly depreciated over their useful life.

*Views of Responsible Officials and Planned Corrective Actions*

Management agrees with the recommendation to review our existing policies and procedures related to the recording and depreciation of capital assets. The capital assets identified in this finding were placed into service prior to August 1, 2001. Since then, six new schools have been built with the capital asset and annual depreciation recorded appropriately.

---

***Section III – Findings and Questioned Costs – Major Federal Programs***

---

None