

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
Annapolis, Maryland

REPORT ON SINGLE AUDIT
June 30, 2012

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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
Anne Arundel County
Annapolis, 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 Anne Arundel County (the Board) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 27, 2012. 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

Management of the Board is responsible for establishing and maintaining effective 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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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. We consider the deficiency and response described in the accompanying schedule of findings and questioned costs, as 2012-1, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of Anne Arundel 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*.

Management's responses to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit management's responses and, accordingly, we express no opinion on it.

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.

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

Baltimore, Maryland
September 27, 2012



CliftonLarsonAllen

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 Anne Arundel County
Annapolis, Maryland

Compliance

We have audited the compliance of the Board of Education of Anne Arundel County (the Board) with the types of compliance requirements described in the *Office of Management and Budget (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, 2012. Board of Education Anne Arundel County 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 of Education Anne Arundel County 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 of Education of Anne Arundel County complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

The management of the Board of Education of Anne Arundel 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'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 over compliance 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 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 Anne Arundel County as of and for the year ended June 30, 2012, and have issued our report thereon dated September 27, 2012 which contained an unqualified opinion. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Board'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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of the Board's 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.

CliftonLarsonAllen LLP

Baltimore, Maryland
November 5, 2012, except for the schedule of expenditures
of federal awards, which is September 27, 2012

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name	CFDA Number	Grant Award Number	Federal Expenditures
U.S. Department of Agriculture			
Administered Through Maryland State Department of Education:			
Department of Agriculture - Food Distribution Program:			
Project No.: 2200 Food Distribution	10.555	280000	\$ 812,873
Department of Agriculture - School Breakfast Program:			
Project No.: 2200 School Breakfast	10.553	280000	2,620,679
Department of Agriculture - School Lunch Program:			
Project No.: 2200 School Lunch	10.555	280000	8,144,170
Department of Agriculture - Child and Adult Care Food Program			
Project No.: 7053-12 Child and Adult Care Food Program	10.558	280000	126,804
Department of Agriculture - Summer Food Service Program			
Project No.: 7052-12 Summer Food Service Program	10.559	280000	184,143
Department of Agriculture - Fresh Fruit and Vegetable Program			
Project No.: 7050-12 Fresh Fruit and Vegetable Program	10.582	280000	<u>88,866</u>
Total Department of Agriculture			<u>11,977,535</u>
U.S. Department of Commerce			
Chesapeake Bay Studies, Education			
Project No.: 5981 Chesapeake Connections Program	11.457	NA06NMF45700118	71,104
National Institute of Standards and Technology			
Project No.: 3295 Summer Institute for Middle School Science Teachers	11.609	70NANB11H117	<u>2,000</u>
Total U.S. Department of Commerce			<u>73,104</u>
U.S. Department of Labor			
Employment and Training Administration			
Project No.: 5016 WAGES Program	17.259	XXXX	<u>59,698</u>
National Aeronautics and Space Administration			
Project No.: 3283 NASA Earth and Space	43.001	NNX09AH85A	650,234
Project No.: 3297 BEST Project	43.001	XXXXXX	<u>5,698</u>
Total National Aeronautics and Space Administration			<u>655,932</u>
U.S. Department of Education			
Administered Through Maryland Department of Labor and Licensing:			
Project No.: 517 External Diploma	84.002A	POOB2400043	<u>74,859</u>
Title I, Part A of ESEA - Improving Basic Programs:			
Project No.: 1981 Title I	84.010A	104789	12,983
Project No.: 1981 Title I	84.010A	114469	358,837
Project No.: 1986 Title 1	84.010A	116045	2,541
Project No.: 1986 Title 1	84.010A	124347	4,737
Project No.: 1981 Title I	84.010A	124524	<u>10,142,613</u>
Total Title I Grants to Local Educational Agencies:			<u>10,521,711</u>
Special Education Cluster:			
Project No.: 3475 Special Education, BRAC	84.027	124571	17,940
Project No.: 3476 Special Education, Partners	84.027	124245-05	10,000
Project No.: 3480 Special Education, SE Advisory Committee	84.027	114527-08	563
Project No.: 3482 Special Education, SE Advisory Committee	84.027	124245-06	1,588

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012
(Continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name	CFDA Number	Grant Award Number	Federal Expenditures
U.S. Department of Education (Cont.)			
Administered Through Maryland State Department of Education:			
Special Education Cluster (Cont.):			
Project No.: 3483 Special Education, CSPD	84.027	114527-06	\$ 15,014
Project No.: 3484 Special Education, CSPD	84.027	124245-08	26,196
Project No.: 3485 Special Education, Alt MSA	84.027	124569	28,926
Project No.: 3490 Special Education, Transition	84.027	124245-07	5,097
Project No.: 3491 Special Education	84.027	114485	5,979
Project No.: 3492 Special Education	84.027	115926-01	442
Project No.: 3494 Special Education	84.027	124572	18,434
Project No.: 3496 Pass Through	84.027	124245-01	14,785,320
Project No.: 3496 Special Education	84.027	114527-01	603,029
Project No.: 3497 Special Education	84.027	114527-05	5,100
Project No.: 3498 Special Education, LRE	84.027	114527-09	38,404
Project No.: 3516 Special Education, IFSP Extension	84.027	125397	53,478
Project No.: 3517 Special Education, IFSP Extension	84.027	125467	35,000
Project No.: 3585 Special Education	84.027	114486	48,905
Project No.: 3586 Special Education	84.027	114488	7,516
Project No.: 3593 Special Education	84.027	124564	70,000
Project No.: 3596 Pass Through	84.027	125486-01	516,670
Project No.: 3597 Pass Through	84.027	125486-02	118,865
Project No.: 3599 Special Education	84.027	124570	79,812
Project No.: 3592 Infants & Toddlers	84.027	114239-02	4,927
Project No.: 3592 Infants & Toddlers	84.027	124173-02	111,369
Project No.: 3595 Maryland Model for School Readiness	84.173	114539-02	852
Project No.: 3474 Maryland Model for School Readiness	84.173	124555-02	27,204
Project No.: 3495 Preschool	84.173	114527-03	27,078
Project No.: 3495 Preschool	84.173	124245-03	405,966
Project No.: 3499 Preschool	84.173	125486-03	8,272
Project No.: 3582 Preschool	84.173	125486-04	6,508
Project No.: 3592 Infants & Toddlers	84.173	124173-03	9,000
Total Special Education Cluster			<u>17,093,454</u>
Impact Aid			
Unrestricted Federal Revenue, Title VIII of ESEA	84.041		<u>2,259,499</u>
Vocational Education - Basic Grants to States:			
Project No.: 5080 Career and Technology	84.048	115328-01	68,060
Project No.: 5080 Career and Technology	84.048	124713-01	563,867
Project No.: 5082 Career and Technology	84.048	115329	13,686
Project No.: 5085 Career and Technology	84.048	125138	36,886
Total Vocational Education - Basic Grants to States:			<u>682,499</u>
Special Education - Grants for Infants and Families with Disabilities:			
Project No.: 3519 Infants & Toddlers	84.181A	125667	3,051
Project No.: 3590 Infants & Toddlers	84.181A	124173-01	619,913
Project No.: 3590 Infants & Toddlers	84.181A	114239-01	75,567
Total Special Education - Grants for Infants and Families with Disabilities:			<u>698,531</u>
Safe and Supportive Schools:			
Project No.: 6785 MD Safe and Supportive Schools	84.184	XXXXXX	<u>6,781</u>
McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.			
Project No.: 2295 Homeless Education	84.196	115368	13,990
Project No.: 2296 Homeless Education	84.196	125199	58,009
Total McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B			<u>71,999</u>

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012
(Continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name	CFDA Number	Grant Award Number	Federal Expenditures
U.S. Department of Education (Cont.)			
Administered Through Maryland State Department of Education:			
Tech-Prep Education			
Project No.: 5081 Title II Tech Prep Education	84.243	115328-02	\$ 1,478
Project No.: 5081 Title II Tech Prep Education	84.243	124713-02	<u>1,830</u>
Total Tech-Prep Education:			3,308
Twenty-First Century Community Learning Centers			
Project No.: 2283 Twenty-First Century Community Learning Centers	84.287	114791	52,035
Project No.: 2287 Twenty-First Century Community Learning Centers	84.287	124751	<u>261,618</u>
Total Twenty-First Century Community Learning Centers:			313,653
Technology Literacy Challenge Fund Grants:			
Project No.: 3793 Maryland Student Technology Literacy Consortium	84.318	XXXXXX	7,242
Project No.: 3797 Maryland Student Technology Literacy Consortium	84.318	XXXXXX	700
Project No.: 3799 Maryland Student Technology Literacy Consortium	84.318	XXXXXX	<u>3,463</u>
Total Technology Literacy Challenge Fund Grants:			11,405
Special Education - State Program Improvement Grants for Children with Disabilities:			
Project No.: 3598 Special Education, Maryland State Improvement Grant	84.323	125225	13,774
Project No.: 3479 Special Education	84.323	125363	1,378
Project No.: 3584 Special Education, Maryland State Improvement Grant	84.323	114690	<u>4,191</u>
Total State Program Improvement for Children Grants:			19,343
Advanced Placement Program:			
Project No.: 1010 High School / High Technology	84.330	125743	11,256
Funding to Ensure Limited English Proficient Children meet Standards:			
Project No.: 2182 Title III, Language Instruction for LEP	84.365A	125472	1,077
Project No.: 2183 Title III, Language Instruction for LEP	84.365A	115180	400,168
Project No.: 2184 Title III, Language Instruction for LEP	84.365A	124282	53,486
Project No.: 2181 Title III, Language Instruction for LEP	84.365A	104614	<u>124,709</u>
Total Funding to Ensure Limited English Proficient Children meet Standards:			579,440
Improving Teacher and Principal Quality:			
Project No.: 0393 Title II, Improving Teacher Quality	84.367	124199	1,459,384
Project No.: 0392 Title II, Improving Teacher Quality	84.367	114266	908,775
Project No.: 0394 Title II, Improving Teacher Quality	84.367	104591	<u>900</u>
Total Improving Teacher and Principal Quality:			2,369,059
Title IID Enhancing Education Through Technology - ARRA:			
Project No.: 3792 Title IID Enhancing Education Through Technology ARRA	84.386	XXXXXX	25,000
Project No.: 5380 Title IID Enhancing Education Through Technology ARRA	84.386	105935	<u>2,714,447</u>
Total Title IID Enhancing Education Through Technology- ARRA:			2,739,447
Special Education Grants to States, Recovery Act:			
Project No.: 3800 Special Education	84.391	104323-01	1,659,906
Project No.: 3820 Special Education	84.391	104323-02	308,475
Project No.: 3850 Special Education	84.392	104323-03	27,123
Project No.: 3870 Special Education	84.392	104323-04	26,153
Project No.: 3898 Special Education	84.391	104323-05	7,612
Project No.: 3899 Special Education	84.392	104323-06	<u>8,418</u>
Total Special Education Grants to States, Recovery Act:			2,037,687

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012
(Continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name	CFDA Number	Grant Award Number	Federal Expenditures
U.S. Department of Education (Cont.)			
Administered Through Maryland State Department of Education:			
Special Education Grants to States, Recovery Act			
Project No.: 3510 Special Education, Infants and Toddlers	84.393	104515-02	\$ 567,445
Project No.: 3570 Special Education, Infants and Toddlers	84.393	104515-01	<u>101,118</u>
Total Special Education Grants to States, Recovery Act:			<u>668,563</u>
Race to the Top			
Project No.: 0630 Race to the Top	84.395	115741-02	566,299
Project No.: 0610 Race to the Top	84.395	115741-03	822,749
Project No.: 0650 Race to the Top	84.395	124620-01	127,375
Project No.: 0651 Race to the Top	84.395	124620-02	35,626
Project No.: 0652 Race to the Top	84.395	124620-03	1,691
Project No.: 0653 Race to the Top	84.395	124620-04	6,688
Project No.: 0655 Race to the Top	84.395	125232-01	8,029
Project No.: 2186 Race to the Top	84.395	124755	28,682
Project No.: 2187 Race to the Top	84.395	125369-01	<u>12,500</u>
Total Race to the Top:			<u>1,609,639</u>
Education Jobs Fund			
Project No.: 0802 JOBS	84.410	115717	<u>25,000</u>
Total U.S. Department of Education Administered Through Maryland State Department of Education			<u>41,797,133</u>
U.S. Department of Education Direct Programs:			
Fund for the Improvement of Education:			
Project No.:3394 Making American History Master Teachers	84.215X	U215X080180	<u>208,483</u>
Fund for the Arts in Education			
Project No.: 3281 SAILSS: Supporting Arts Integrated Learning	84.351D	U351D080013	<u>185,430</u>
Total U.S. Department of Education Direct Programs:			<u>393,913</u>
Total U.S. Department of Education			<u>42,191,046</u>
U.S. Department of Health and Human Services			
Administered Through Anne Arundel County Mental Health Agency			
Project No.: 2299 Suicide Prevention Grant	93.243	XXXXXX	<u>61,692</u>
Administered Through Maryland State Department of Education			
Centers for Disease Control and Prevention			
Project No.: 2297 Sexual Harassment/Assault Prevention Grant	93.991	115829	<u>3,996</u>
Total U.S. Department of Health and Human Services			<u>65,688</u>

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012
(Continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name	CFDA Number	Grant Award Number	Federal Expenditures
Corporation for National and Community Service			
Administered Through Maryland State Department of Education			
Learn and Serve America - School and Community Based Programs:			
Project No.: 3385 Serve America	94.004	114377	<u>\$ 11,995</u>
Homeland Security			
Project No.: 3284 Homeland Security Grant Program	97.067	GFR03609	<u>2,500</u>
Department of Defense			
Promoting Student Achievement at Schools Impacted by Military Force Structure Changes			
Project No.: 3285 STEM@Meade	12.556	HE1254-10-1-0001	<u>371,505</u>
Department of Defense Impact Aid	12.558		<u>225,321</u>
Administered Through National Security Agency			
Science, Mathematics and Engineering Education Grant			
Project No.: 541 Math Summer Camp	12.901	MDA H98230-11-1-0348	<u>1,000</u>
Total Department of Defense			<u>597,826</u>
TOTAL FEDERAL AWARDS			<u>\$ 55,635,324</u>

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012**

NOTE 1 – SINGLE AUDIT REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the expenditures of all federal award programs of the Anne Arundel County Board of Education (the Board) for the year ended June 30, 2012.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA has been prepared using the modified accrual basis of accounting as fully described in the Summary of Significant Accounting Policies accompanying the Board's basic financial statements.

NOTE 3 – RELATION TO BASIC FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying SEFA agree with amounts reported in the Board's basic financial statements and the related federal financial reports submitted by the Board.

Total expenditures per the SEFA reconciles to the Board's basic financial statements as follows:

Revenues per the Statements of Revenue, Expenditures and Changes in Fund Balances (Net Assets)

Federal – General Fund	\$ 43,791,849
Federal – other funds	143,859
Federal – Food Service Fund	<u>11,977,535</u>
Total per basic financial statements	55,913,243
Plus: agency fund sources included on SEFA, not in general fund revenues in the basic financial statements	2,714,447
Less: revenue included in basic financial statements, not on SEFA:	
Medicaid	(2,705,242)
Disaster Reimbursement	(7,735)
Watershed	(68,000)
Title II ARRA	(211,391)
Rounding	<u>2</u>
Total Expenditures per SEFA	<u>\$ 55,635,324</u>

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2012

NOTE 4 – LOCAL EDUCATION AGENCY CONSORTIUM

Anne Arundel County Public Schools acted as Fiscal Agent for the Title IID Enhancing Education through Technology ARRA Grant 105935, CFDA #84.386, for Maryland State Department of Education on behalf of the Maryland's twenty-four counties. Total grant expenditures of \$2,714,447 did not exclusively benefit Anne Arundel County Public Schools, which expended \$224,850. The following Local Education Agencies (LEAs) had the listed expenditures included:

Local Education Agency	Amount
Allegany County Public Schools	\$ 50,364
Baltimore City Public Schools	4,712
Baltimore County Public Schools	9,667
Calvert County Public Schools	7,651
Caroline County Public Schools	146,508
Carroll County Public Schools	99,461
Cecil County Public Schools	132,300
Charles County Public Schools	15,558
Dorchester County Public Schools	89,825
Frederick County Public Schools	99,194
Garrett County Public Schools	64,507
Harford County Public Schools	36,442
Howard County Public Schools	13,803
Kent County Public Schools	19,120
Montgomery County Public Schools	12,600
Prince George's County Public Schools	72,175
Queen Anne's County Public Schools	77,032
Somerset County Public Schools	114,650
St. Mary's County Public Schools	229,854
Talbot County Public Schools	10,733
Washington County Public Schools	14,489
Wicomico County Public Schools	56,746
Worcester County Public Schools	50,451
Trust Portion	<u>1,061,755</u>
Total	<u>\$ 2,489,597</u>

This information is an integral part of the accompanying schedule.

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Grant Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes 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 OMB Circular A-133? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.173, 84.027, 84.391, 84.392	Special Education Cluster
84.395	Race to the Top
84.367	Title II
84.041	Impact Aid
84.386/84.318	Enhancing Education Through Technology

Dollar threshold used to distinguish between type A and type B programs: \$1,669,060

Auditee qualified as low-risk auditee? yes no

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012**

Section II – Financial Statement Findings

2012-1 Finding: Monitoring of Capital Projects

Condition: The Board did not properly close construction in process for buildings and other capital projects, and an adjustment was required to classify the capital assets in accordance with GAAP.

Criteria: The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Cause: The Board has established controls and procedures to review for completed buildings and other capital projects, but the controls failed to detect the error during the year.

Effect: The Board completed construction on buildings and they were placed in service, however the Board did not close the project from construction in progress, and begin to depreciate the capital assets. While total asset value was recorded correctly in construction in progress, the buildings were required to be depreciated upon occupancy in accordance with GAAP and the Board’s capitalization policy.

Recommendation: We recommend that the Board implement policies and procedures to ensure that the Board’s facilities department reviews all capital projects during the year and communicates all activity to the Board’s finance department in a timely manner.

Management’s Response: The Auditors’ comment relates to the completion of Pershing Hill and Southgate Elementary Schools, which were completed by June 30, 2011 but had not been transferred from the Construction in Progress to Buildings, in order to begin depreciation. The Division of Budget and Finance will work with the Division of Facilities to more completely identify finished projects throughout the year and during the year-end closed projects meeting.

Additionally, the developer built addition at Broadneck High School was not recorded as a donated building. This is the school system’s first experience with donated property in excess of the \$250,000 capitalization limit. The Division of Budget and Finance staff are now tracking developer-built and 3rd party projects in order to identify any constructed asset donated to the Board.

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012**

Section III – Findings and Questioned Costs for Federal Grant Awards

None

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2012**

None