

**THE BOARD OF EDUCATION  
OF WICOMICO COUNTY**

**COMPLIANCE REPORT**

**JUNE 30, 2015**

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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 *GOVERNMENT AUDITING STANDARDS*

The Board of Education of Wicomico County  
Salisbury, Maryland

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Board of Education of Wicomico County, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise The Board of Education of Wicomico County's basic financial statements, and have issued our report thereon dated September 30, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Board of Education of Wicomico County'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 of Education of Wicomico County's internal control. Accordingly, we do not express an opinion on the effectiveness of The Board of Education of Wicomico County'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 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 of Education of Wicomico 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*.

We noted certain other matters that we reported to management of The Board of Education of Wicomico County in a separate letter dated September 30, 2015.

### **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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "YAM Group LLC". The signature is written in a cursive, flowing style.

Salisbury, Maryland  
September 30, 2015



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Education of Wicomico County  
Salisbury, Maryland

**Report on Compliance for Each Major Federal Program**

We have audited The Board of Education of Wicomico County's compliance with the types of compliance requirements described in the *OMB 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, 2015. The Board of Education of Wicomico County's major federal programs are identified in the summary of auditor's 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.

**Auditor's 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 of Education of Wicomico County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Board of Education of Wicomico County's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, The Board of Education of Wicomico County, complied, in all material respects, with the 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, 2015.

### **Report on Internal Control over Compliance**

Management of The Board of Education of Wicomico County 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 of Education of Wicomico County's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 of Education of Wicomico County'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 the 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.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The Board of Education of Wicomico County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise The Board of Education of Wicomico County's basic financial statements. We issued our report thereon dated September 30, 2015, 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Salisbury, Maryland  
September 30, 2015

**THE BOARD OF EDUCATION OF WICOMICO COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2015**

	<b><u>GRANT NUMBER</u></b>	<b><u>FEDERAL CATALOGUE NUMBER</u></b>	<b><u>EXPENDITURES</u></b>
<b>INDIRECT GRANTS</b>			
<b>DEPARTMENT OF AGRICULTURE</b>			
Indirect Grants Passed Through The Maryland State Department of Education:			
National School Breakfast Program	None	10.553	\$ 1,354,944
National School Lunch Program	None	10.555	3,390,766
USDA Commodities	None	10.555	360,166
Sub-Total			<u>3,750,932</u>
At Risk Supper Program	None	10.558	<u>\$117,100</u>
Summer Food Service Program	None	10.559	<u>89,545</u>
Healthy Hunger Free Kids	154558-01	10.560	4,000
Healthy Hunger Free Kids	154558-02	10.560	1,778
Sub-Total			<u>5,778</u>
Fresh Fruit and Vegetable Program	None	10.582	<u>103,399</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>\$ 5,421,698</u>
<b>DEPARTMENT OF EDUCATION</b>			
Indirect Grants Passed Through The Maryland State Department of Education:			
ECIA Title I	144469-01	84.010	317,961
ECIA Title I	144790-01	84.010	46,741
ECIA Title I	145124-01	84.010	34,732
ECIA Title I	154372-01	84.010	4,638,418
ECIA Title I	154927-01	84.010	11,250
ECIA Title I	154995-01	84.010	42,354
ECIA Title I	155293-01	84.010	41,904
Sub-Total			<u>5,133,360</u>
Education of The Handicapped - Part B	144235-05	84.027	29,313
Education of The Handicapped - Part B	144242-02	84.027	47,112
Education of The Handicapped - Part B	144242-05	84.027	1,366
Education of The Handicapped - Part B	144242-06	84.027	39,967
Education of The Handicapped - Part B	145292-01	84.027	9,668
Education of The Handicapped - Part B	145335-01	84.027	34,112
Education of The Handicapped - Part B	154204-01	84.027	2,755,385
Education of The Handicapped - Part B	154204-02	84.027	3,514
Education of The Handicapped - Part B	154204-05	84.027	1,854
Education of The Handicapped - Part B	154204-06	84.027	102,184
Education of The Handicapped - Part B	154245-02	84.027	55,774
Education of The Handicapped - Part B	155442-01	84.027	1,027
Sub-Total			<u>3,081,276</u>
Vocational Education - Title IIC- Program	144691-01	84.048	6,654
Vocational Education - Title IIC- Program	154861-01	84.048	204,051
Vocational Education - Title IIC- Program	154862-01	84.048	37,309
Sub-Total			<u>248,014</u>
MD Seamless Transition Collaboration	145398-01	84.126	11,239
MD Seamless Transition Collaboration	164346-01	84.126	1,495
Sub-Total			<u>12,734</u>



**THE BOARD OF EDUCATION OF WICOMICO COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2015**

	<b><u>GRANT NUMBER</u></b>	<b><u>FEDERAL CATALOGUE NUMBER</u></b>	<b><u>EXPENDITURES</u></b>
Education of The Handicapped - Part B	144242-04	84.173	709
Education of The Handicapped - Part B	144243-02	84.173	1,176
Education of The Handicapped - Part B	144570-02	84.173	4,103
Education of The Handicapped - Part B	154204-03	84.173	53,121
Education of The Handicapped - Part B	154204-04	84.173	1,745
Education of The Handicapped - Part B	154245-03	84.173	7,000
Sub-Total			<hr/> <hr/> 67,854
Education of The Handicapped - Part C	154245-01	84.181	<hr/> 96,933
McKinney-Vento: Educating Homeless Children & Youth Program	145039-01	84.196	21,181
McKinney-Vento: Educating Homeless Children & Youth Program	155375-01	84.196	51,486
Sub-Total			<hr/> <hr/> 72,667
21st Century Community Centers	144737-01	84.287	28,138
21st Century Community Centers	145366-01	84.287	18,034
21st Century Community Centers	155044-01	84.287	280,382
21st Century Community Centers	155411-01	84.287	110,904
Sub-Total			<hr/> <hr/> 437,458
Expanding Advanced Placement - Operation Access	134906-01	84.330	27,428
Expanding Advanced Placement - Operation Access	154805-01	84.330	2,500
Sub-Total			<hr/> <hr/> 29,928
Gear-Up	155300-01	84.334	<hr/> 56,611
English Language Acquisition	144593-01	84.365	6,335
English Language Acquisition	154442-01	84.365	94,410
English Language Acquisition	154442-02	84.365	1,799
Sub-Total			<hr/> <hr/> 102,544
Title II Eastern Shoer Math Consortium	155285-01	84.366	<hr/> 177,692
Title II Improving Teacher Quality	134604-02	84.367	113,801
Title II Improving Teacher Quality	144780-01	84.367	364,185
Title II Improving Teacher Quality	154950-01	84.367	249,869
Sub-Total			<hr/> <hr/> 727,855
ARRA - Race to the Top (RTTT)	115759-02	84.395	142,028
ARRA - Race to the Top (RTTT)	115759-03	84.395	8,686
ARRA - Race to the Top (RTTT)	115759-04	84.395	34,883
ARRA - Race to the Top (RTTT)	144739-01	84.395	2,500
ARRA - Race to the Top (RTTT)	144954-01	84.395	223
ARRA - Race to the Top (RTTT)	145387-01	84.395	66,517
ARRA - Race to the Top (RTTT)	145387-02	84.395	1,875
ARRA - Race to the Top (RTTT)	154487-01	84.395	1,078
ARRA - Race to the Top (RTTT)	154611-01	84.395	2,630
ARRA - Race to the Top (RTTT)	154632-01	84.395	98,921
ARRA - Race to the Top (RTTT)	154903-01	84.395	3,600
ARRA - Race to the Top (RTTT)	155055-01	84.395	135,283
ARRA - Race to the Top (RTTT)	155145-01	84.395	539
ARRA - Race to the Top (RTTT)	155425-01	84.395	1,032
ARRA - Race to the Top (RTTT)	155532-01	84.395	3,000
ARRA - Race to the Top (RTTT)	155532-02	84.395	775
ARRA - Race to the Top (RTTT)	155627-01	84.395	37,670
ARRA - Race to the Top (RTTT)	164195-01	84.395	45,521
ARRA - Race to the Top (RTTT)	164247-01	84.395	4,160
Sub-Total			<hr/> <hr/> \$590,921

**THE BOARD OF EDUCATION OF WICOMICO COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2015**

	<b><u>GRANT NUMBER</u></b>	<b><u>FEDERAL CATALOGUE NUMBER</u></b>	<b><u>EXPENDITURES</u></b>
ARRA - Race to the Top (RTTT) Early Learning Challenge	144986-01	84.412	28,223
ARRA - Race to the Top (RTTT) Early Learning Challenge	145111-01	84.412	11,253
ARRA - Race to the Top (RTTT) Early Learning Challenge	154248-02	84.412	\$15,600
ARRA - Race to the Top (RTTT) Early Learning Challenge	154451-01	84.412	\$49,516
ARRA - Race to the Top (RTTT) Early Learning Challenge	155442-03	84.412	5,758
Sub-Total			<u>\$110,350</u>
Sexual Harassment and Assault Prevention	145394-01	93.136	<u>\$6,833</u>
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<u>\$ 10,953,030</u>
<b>DEPARTMENT OF COMMERCE (NOAA)</b>			
National Audubon Society -Meaningful Watershed Educational Experience Project	NA1ONMF4570051	11.457	<u>28,372</u>
<b>TOTAL DEPARTMENT OF COMMERCE (NOAA)</b>			<u>\$ 28,372</u>
<b>GOVERNOR'S OFFICE OF CRIME CONTROL &amp; PREVENTION</b>			
Disproportionate Minority Contact	JJAC2012	16.540	12,183
Disproportionate Minority Contact	JJAC2013	16.540	<u>26,355</u>
<b>TOTAL GOVERNOR'S OFFICE OF CRIME CONTROL &amp; PREVENTION</b>			<u>\$ 38,538</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$ 16,441,638</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

**Note 1. Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Board of Education of Wicomico County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Reconciliation of Federal Awards**

Restricted Federal awards/expenditures per statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 12,334,107
Restricted Federal awards/expenses per statement of revenues, expenses and changes in fund net position - proprietary fund	5,415,390
Less revenue/expenditures included in federal awards but not included on the schedule of expenditures of federal awards	
JR ROTC	(64,635)
Medicaid Payments	(1,243,754)
Plus revenue/expenditures included on the schedule of expenditures of federal awards but not included in the federal awards	
USDA Commodities	<u>530</u>
Total Federal Financial Assistance	<u>\$ 16,441,638</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

**A. Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on the financial statements of The Board of Education of Wicomico County.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of The Board of Education of Wicomico County were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for The Board of Education of Wicomico County expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for the Board of Education of Wicomico County that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include:
  - Child Nutrition – CFDA #10.553, 10.555, 10.556, 10.559
  - Title II, Part A – CFDA #84.367
8. The threshold for distinguishing Type A and B programs was \$493,249.
9. The Board of Education of Wicomico County qualified as a low-risk auditee.

**B. Findings - Financial Statement Audit**

NONE

THE BOARD OF EDUCATION OF WICOMICO COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015  
(Continued)

**C. Findings and Questioned Costs- Major Federal Award Programs Audit**

NONE

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2015

NONE