

**The Board of Education of
Dorchester County**

COMPLIANCE REPORT

June 30, 2023

The Board of Education of Dorchester County

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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 Dorchester County
Cambridge, 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, the business-type activities, and each major fund of The Board of Education of Dorchester County (the "Board"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise The Board of Education of Dorchester County's basic financial statements, and have issued our report thereon dated September 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Board of Education of Dorchester County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Board of Education of Dorchester County'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for UHY LLP is written in a stylized, cursive font. The letters 'UHY' are larger and more prominent, with 'LLP' in a smaller font size to the right.

Salisbury, Maryland
September 25, 2023

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

The Board of Education of Dorchester County
Cambridge, Maryland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Board of Education of Dorchester County's compliance with the types of compliance requirements identified as subject to audit 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, 2023. The Board of Education of Dorchester County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Board of Education of Dorchester County, 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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Board of Education of Dorchester County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Board of Education of Dorchester County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Board of Education of Dorchester County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Board of Education of Dorchester County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Board of Education of Dorchester County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the 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, the business-type activities, and each major fund of The Board of Education of Dorchester County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise The Board of Education of Dorchester County's basic financial statements. We issued our report thereon dated September 25, 2023, which contained unmodified opinions on those financial statements. Our audit was performed 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 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 image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are stylized and cursive.

Salisbury, Maryland
September 25, 2023, except for the Schedule of
Expenditures of Federal Awards, which is
dated December 8, 2023

The Board of Education of Dorchester County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Funding Source	Grant Number	Federal Assistance Listing Number	Revenue Recognized/ Expenditures	Expenditures to Subrecipients
DEPARTMENT OF AGRICULTURE				
<i>Indirect Grants Passed Through the Maryland State Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	None	10.553	\$ 929,084	\$ -
National School Lunch Program	None	10.555	2,101,825	-
P-EBT	None	10.555	5,950	-
SCA - NSLP	None	10.555	114,758	-
Food Distribution - Commodities	None	10.555	271,367	-
			<u>2,493,900</u>	<u>-</u>
Summer Food Service Program	None	10.559	73,805	-
Fresh Fruit and Vegetable Program	None	10.582	76,417	-
<i>Total Child Nutrition Cluster</i>			<u>3,573,206</u>	<u>-</u>
Child and Adult Care Food Program	None	10.558	119,742	-
TOTAL DEPARTMENT OF AGRICULTURE			<u>3,692,948</u>	<u>-</u>
DEPARTMENT OF EDUCATION				
<i>Indirect Grants Passed Through the Maryland State Department of Education:</i>				
Title 1	221515-01	84.010	24,489	-
Title 1	231241-01	84.010	2,111,134	-
			<u>2,135,623</u>	<u>-</u>
<i>Special Education Cluster (IDEA):</i>				
Students w/ Disabilities - Passthrough	230606-01	84.027	854,432	-
Students w/ Disabilities - SECAC	230606-04	84.027	2,196	-
Students w/ Disabilities - Family Support System	230606-05	84.027	12,603	-
Students w/ Disabilities - Passthrough - CCEIS	230606-03	84.027	19,237	-
Students w/ Disabilities - Passthrough - CCEIS	210271-02	84.027	3,890	-
Students w/ Disabilities - Early Childhood Local Implementation Plan	211003-01	84.027	37,478	-
Students w/ Disabilities - Secondary Transition	211003-02	84.027	40,486	-
Students w/ Disabilities - Access, Equity, & Progress	211003-03	84.027	4,040	-
Infants & Toddlers - Federal - PT B 611 - Discr	230616-01	84.027A	6,472	-
Students w/ Disabilities - Local Implementation Grants - Access, Equity	230912-03	84.027A	43,673	-
Students w/ Disabilities - Local Implementation Grants - Early Childhood	230912-01	84.027A	3,333	-
Students w/ Disabilities - Local Implementation Grants - 2nd Trans	230912-02	84.027A	9,018	-
Infants & Toddlers - Federal - PT B 611 - Discr	220165-01	84.027A	4,349	-
Students w/ Disabilities - Passthrough	220396-01	84.027A	147,649	-
Students w/ Disabilities - SECAC	220396-04	84.027A	1,912	-
Students w/ Disabilities - Family Support System	220396-05	84.027A	7,416	-
Students w/ Disabilities - Passthrough - PPPSS	220396-02	84.027A	867	-
Students w/ Disabilities - Passthrough - CCEIS	220396-03	84.027A	93,651	-
Students w/ Disabilities - Local Implementation Grants - Access, Equity	221162-02	84.027A	28,683	-
Students w/ Disabilities - Local Implementation Grants - Early Childhood	221162-01	84.027A	14,675	-
COVID-19 ARP - SPED - B State Priority - 22 LAFF PT B 611 Passthrough	221186-01	84.027X	18,301	-
COVID-19 ARP - SPED - B State Priority - 22 LAFF PT B 611 Passthrough CCI	221186-03	84.027X	1,937	-
			<u>1,356,298</u>	<u>-</u>

The Board of Education of Dorchester County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023
(continued)

Funding Source	Grant Number	Federal Assistance Listing Number	Revenue Recognized/ Expenditures	Expenditures to Subrecipients
SPED - State Grants - B - State Priority - 2023 LAFF Part B 619 Preschool	230580-01	84.173A	\$ 25,004	\$ -
SPED - State Grants - B - State Priority - 2023 LAFF Part B 619 Pre CCEIS	230580-03	84.173A	4,779	-
Students w/ Disabilities - Pre Passthrough - CCEIS	220389-02	84.173A	4,583	-
COVID-19 ARP - B State Priority 22 LAFF PT B 619 Pre-Pass	221187-01	84.173X	1,976	-
COVID-19 ARP - B State Priority 22 LAFF PT B 619 Pre-Pass CCEIS	221187-02	84.173X	2,837	-
			39,179	-
<i>Total Special Education Cluster (IDEA)</i>			1,395,477	-
Perkins	230324-01	84.048A	89,656	-
Infants & Toddlers - Federal - PT C	230601-01	84.181A	13,124	-
Infants & Toddlers - Federal - PT C	220139-01	84.181A	16,830	-
COVID-19 ARP - SPED - K - C	221213-01	84.181X	55	-
COVID-19 State Improvement Grant - I&T - IDEA PT C - Extended Option	221750-01	84.181X	7,228	-
			37,237	-
Rural Schools - FY22 Application	220619-01	84.358B	2,805	-
Rural Schools - FY22 Application - Extra Funds	220619-02	84.358B	21,869	-
Rural Schools - FY20 Extra Funds	221779-01	84.358B	12,480	-
Rural Schools - FY23 Application	231926-01	84.358	36,589	-
			73,743	-
Title 3 - English Language Acquisition	230438-01	84.365A	19,246	-
Title 3 - LEP (English Language Acquisition)	220668-01	84.365A	16,824	-
			36,070	-
Title 2	221048-01	84.367	128,194	-
Title 2	230708-01	84.367	137,543	-
			265,737	-
Title 4 - Student Support/Academic Achievement	231205-01	84.424A	70,447	-
Title 4 - Student Support/Academic Achievement	221520-01	84.424A	92,714	-
			163,161	-
Jacob K. Javits Gifted and Talented Students Education Program	N/A	84.206A	4,821	-
<i>Education Stabilization Fund:</i>				
COVID-19 Cares Act - ESSER Fund II	202118-01	84.425D	1,639,110	-
COVID-19 Future Ready - Integration of Technology	221372-01	84.425D	169	-
COVID-19 ESSER Fund II - Expanded Access to AP Programs	221593-01	84.425D	14,372	-
COVID-19 Digital Learning Framework	222028-01	84.425D	11,985	-
			1,665,636	-
COVID-19 ESSER Fund III	211954-01	84.425U	4,866,383	-
COVID-19 Maryland Leads - Grow Your Own Staff	221867-02	84.425U	38,182	-
COVID-19 Maryland Leads - Staff Support & Retention	221867-03	84.425U	1,416,821	-
COVID-19 Maryland Leads - Science of Reading	221867-04	84.425U	140,873	-
			6,462,259	-
COVID-19 ARP - Homeless Children & Youth Funds	221838-01	84.425W	14,586	-
<i>Total Education Stabilization Fund</i>			8,142,481	-
TOTAL DEPARTMENT OF EDUCATION			12,344,006	-

The Board of Education of Dorchester County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023
(continued)

Funding Source	Grant Number	Federal Assistance Listing Number	Revenue Recognized/ Expenditures	Expenditures to Subrecipients
DEPARTMENT OF THE TREASURY				
<i>Indirect Grants Passed Through the Maryland State Department of Education:</i>				
COVID-19 American Rescue Plan - SLFRF - Trauma	211766.01	21.027	\$ 1,589	\$ -
COVID-19 American Rescue Plan - SLFRF - School Reopening	211788.01	21.027	41,670	-
COVID-19 American Rescue Plan - SLFRF - TSI	211855.01	21.027	90,167	-
COVID-19 American Rescue Plan - SLFRF - Tutoring	211850.01	21.027	746,070	-
COVID-19 American Rescue Plan - SLFRF - Summer School	211890.01	21.027	225,080	-
COVID-19 American Rescue Plan - SLFRF - Trauma	211907.01	21.027	31,823	-
			<u>1,136,399</u>	<u>-</u>
<i>Indirect Grants Passed Through the City of Cambridge, Maryland:</i>				
COVID-19 American Rescue Plan - SHE	N/A	21.027	1,527	-
COVID-19 American Rescue Plan - MES	N/A	21.027	9,146	-
COVID-19 American Rescue Plan - MLM	N/A	21.027	53	-
			<u>10,726</u>	<u>-</u>
<i>Total Coronavirus State and Local Fiscal Recovery Funds</i>			<u>1,147,125</u>	<u>-</u>
TOTAL DEPARTMENT OF THE TREASURY			<u>1,147,125</u>	<u>-</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Indirect Grants Passed Through the Maryland State Department of Education:</i>				
Early Childhood Advisory Council	221796-01	93.434	47,575	-
<i>Indirect Grant Passed Through the Dorchester County Health Department:</i>				
DCHD Optimal Adolescent Health	FH004OAH	93.297	6,853	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>54,428</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$17,238,507</u>	<u>\$ -</u>

The Board of Education of Dorchester County
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Board of Education of Dorchester County under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of The Board of Education of Dorchester County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Board of Education of Dorchester County.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

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

Note 4. Reconciliation of Federal Awards

Restricted Federal awards/expenditures per statement of revenue, expenditures and changes in fund balances – governmental funds	\$ 14,322,761
Restricted Federal awards/expenditures per statement of revenues, expenses and changes in fund net position – proprietary fund	3,421,581
USDA donated commodities per statement of revenues, expenses and changes in fund net position – proprietary fund	271,367
Medicaid revenue/expense included in federal awards but not included on Schedule of expenditures of federal awards	<u>(777,202)</u>
	<u>\$ 17,238,507</u>

The Board of Education of Dorchester County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2023

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on whether the financial statements of The Board of Education of Dorchester County were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of The Board of Education of Dorchester County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for The Board of Education of Dorchester County expresses an unmodified opinion on all major federal programs.
6. There are no audit findings relative to the major federal award programs for the Board that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:
 - 84.010 – Title I
 - 84.425D/84.425U/84.425W – Education Stabilization Funds
 - 21.027 – Coronavirus State and Local Fiscal Recovery Funds
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The Board of Education of Dorchester County was determined to be a low-risk auditee.

**The Board of Education of Dorchester County
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2023**

Findings - Financial Statement Audit

NONE

Findings and Questioned Costs – Major Federal Award Programs Audit

NONE

The Board of Education of Dorchester County
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the year ended June 30, 2023

NONE