

THE BOARD OF EDUCATION OF  
WORCESTER COUNTY, MARYLAND

UNIFORM GUIDANCE  
SUPPLEMENTARY FINANCIAL REPORT

June 30, 2019



C O N T E N T S

PAGES

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>	3 - 4
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	5 - 7
Schedule of Expenditures of Federal Awards	8 - 11
Notes to Schedule of Expenditures of Federal Awards	12
Schedule of Findings and Questioned Costs	13



Herbert J. Geary III  
Carey N. Duncan  
Roy J. Geiser  
Chris A. Holl  
Ronald W. Hickman  
Craig A. Walter  
Mark A. Welsh



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 Worcester County, Maryland  
Newark, 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, each major fund, and the aggregate remaining fund information of The Board of Education of Worcester County (The Board), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise The Board of Education of Worcester County's basic financial statements, and have issued our report thereon dated September 27, 2019.

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. 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.

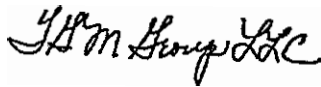


Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Board of Education of Worcester 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 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*.

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.



Salisbury, Maryland  
September 27, 2019





Herbert J. Geary III  
Corey N. Duncan  
Roy J. Geiser  
Chris A. Hall  
Ronald W. Hickman  
Craig A. Walter  
Mark A. Welsh



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education of Worcester County, Maryland  
Newark, Maryland

Report on Compliance for Each Major Federal Program

We have audited The Board of Education of Worcester 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, 2019. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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; 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 of Education of Worcester 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, 2019.

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 the 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

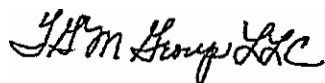
**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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 Worcester County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise The Board of Education of Worcester County's basic financial statements. We issued our report thereon dated September 27, 2019, 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Salisbury, Maryland  
September 27, 2019



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS





THE BOARD OF EDUCATION OF WORCESTER COUNTY, MARYLAND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2019

	Grant Number	Federal Catalogue Number	Expenditures	Amounts Paid to Subrecipients
<b>DEPARTMENT OF EDUCATION</b>				
Indirect Grants Passed Through The Maryland State Department of Education:				
Title I	180720-01	84.010	\$ 63,874	\$ -
Title I	190617-01	84.010	1,771,413	-
Title I Supplement	181700-01	84.010	2,000	-
Sub-Total			<u>1,837,287</u>	-
Special Education:				
Citizens Advisory Committee	180315-03	84.027	327	-
Citizens Advisory Committee	190356-03	84.027	2,500	-
Cognitive Disabilities	181663-01	84.027	875	-
NASDSE	180315-05	84.027	209	-
Family Partnerships	180315-06	84.027	3,627	-
Family Partnerships	190356-04	84.027	12,054	-
Program Priorities	190356-07	84.027	38,190	-
Program Priorities	181592-01	84.027	20,940	-
Infant Toddler Part B	180200-01	84.027	743	-
Infant Toddler Part B	190143-01	84.027	10,697	-
Supplemental	190356-02	84.027	20,898	-
Pass Through	190356-01	84.027	1,372,277	-
FY17 Pass Through Supplement	180933-02	84.027	110	-
Secondary Trans Local Implem Grant	181478-01	84.027	13,115	-
Secondary Trans Steering Comm	190352-01	84.027	3,500	-
Transition	190356-06	84.027	45,997	-
One Time Disc Part B 619	181272-01	84.027	46,333	-
One Time Disc Part B 619	190356-05	84.027	43,117	-
Sub-Total			<u>1,635,509</u>	-
Education of The Handicapped - Preschool Grants:				
Infant Toddler - Part B	190100-01	84.173	4,386	-
Infant Toddler - Part B Supplement	190100-02	84.173	1,561	-
Preschool Supplement	170267-02	84.173	22	-
Preschool Supplement	180375-02	84.173	277	-
Preschool Supplement	190256-02	84.173	125	-
Preschool	190256-01	84.173	32,412	-
Sub-Total			<u>38,783</u>	-
Total Special Education Cluster (IDEA)		84.027/173	<u>1,674,292</u>	-
Vocational Basic Grant:				
Reserve Grant	190443-01	84.048	50,364	-
Perkins Grant	190475-01	84.048	84,953	-
Homeland Security Grant	190430-01	84.048	8,000	-
Sub-Total			<u>143,317</u>	-

See Accompanying Notes to Schedule of Expenditures of Federal Awards.



THE BOARD OF EDUCATION OF WORCESTER COUNTY, MARYLAND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

	Grant Number	Federal Catalogue Number	Expenditures	Amounts Paid to Subrecipients
<b>DEPARTMENT OF EDUCATION - CONTINUED</b>				
Indirect Grants Passed Through The Maryland State Department of Education - continued:				
Rehabilitation Services Vocational:				
Dors Work Incentive Grant	164348-01	84.126	\$ 11	\$ -
Dors Work Incentive Grant	165685-01	84.126	107	-
Dors Work Incentive Grant	181694-01	84.126	129,862	-
Dors Work Incentive Grant	190232-01	84.126	15,101	-
Dors Work Incentive Grant	191701-01	84.126	25,565	-
Dors Work Incentive Grant Supplement	170821-01	84.126	6,851	-
			<u>177,497</u>	-
Infant Toddler Part C	180182-01	84.181	3,504	-
Infant Toddler Part C	190174-01	84.181	34,701	-
Sub-Total			<u>38,205</u>	-
McKinney Vento Homeless Grant	181343-01	84.196	19,158	-
McKinney Vento Homeless Grant	191133-01	84.196	42,422	-
Sub-Total			<u>61,580</u>	-
21st CCLC ExCEL	181028-01	84.287	49,158	-
21st CCLC Academy 100	181097-01	84.287	93,147	-
21st CCLC Academy 100	191022-01	84.287	242,837	-
21st CCLC Care Academies	181020-01	84.287	60,187	-
21st CCLC Care Academies	191020-01	84.287	231,675	-
Sub-Total			<u>677,004</u>	-
Title III ESL	180406-01	84.365	164	-
Title III ESL	190311-01	84.365	10,407	-
Title III ESL	190311-02	84.365	1,361	-
Sub-Total			<u>11,932</u>	-
MSP Supplement	181697-01	84.366	55,000	-
Sub-Total			<u>55,000</u>	-
Improving Teacher Quality	181243-01	84.367	248,192	-
Improving Teacher Quality	190723-01	84.367	24,000	-
Improving Teacher Quality	191373-01	84.367	97,720	-
Improving Teacher Quality	171172-01	84.367	50,582	-
Teach to Lead	190395-01	84.367	5,220	-
Title IIA Pre K Symposium	181821-01	84.367	5,888	-
Sub-Total			<u>431,602</u>	-

See Accompanying Notes to Schedule of Expenditures of Federal Awards.



THE BOARD OF EDUCATION OF WORCESTER COUNTY, MARYLAND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

	Grant Number	Federal Catalogue Number	Expenditures	Amounts Paid to Subrecipients
<b>DEPARTMENT OF EDUCATION - CONTINUED</b>				
Indirect Grants Passed Through The Maryland State Department of Education - continued:				
Striving Readers Grant	181764-01	84.371	\$ 243,500	\$ -
Striving Readers Grant	191088-01	84.371	175,610	-
SRCL Adolescent Literacy	191049-01	84.371	2,250	-
SRCL Adolescent Literacy	191433-01	84.371	1,128	-
Sub-Total			<u>422,488</u>	-
Open Education Resources	180816-02	84.372	1,970	-
Inspired Designers Workshop	181804-01	84.372	810	-
Peer Coaching	190757-01	84.372	1,202	-
Sub-Total			<u>3,982</u>	-
MD Work Based Learning Collaborative	180664-01	84.421B	27,850	-
Sub-Total			<u>27,850</u>	-
Title IV	181112-01	84.424	33,065	-
Title IV	191281-01	84.424	83,416	-
Sub-Total			<u>116,481</u>	-
Indirect Grants Passed Through The Department of Labor:				
Adult Education	None	84.002	13,064	-
Adult Education ASE	None	84.002	4,942	-
Adult Education Institutionalized	None	84.002	2,053	-
Sub-Total			<u>20,059</u>	-
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<u>\$ 5,698,576</u>	<u>\$ -</u>
<b>DEPARTMENT OF AGRICULTURE</b>				
Passed Through State Department of Education:				
Child Nutrition Cluster:				
National School Breakfast Program FY19	None	10.553	523,340	-
National School Lunch Program FY19	None	10.555	1,097,389	-
At-Risk Meals and Suppers	None	10.558	107,651	-
Summer Food Service Program FY19	None	10.559	56,663	-
USDA Commodities	None	10.555	184,602	-
Child Nutrition Cluster	10.553/555/558/559		<u>1,969,645</u>	-
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>\$ 1,969,645</u>	<u>\$ -</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 7,668,221</u>	<u>\$ -</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.



THE BOARD OF EDUCATION OF WORCESTER COUNTY, MARYLAND

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2019

**Note 1. Scope of Audit Pursuant to the Uniform Guidance**

All Federal assistance programs operated by the Board of Education of Worcester County, Maryland are included in the scope of the Uniform Guidance audit. The single audit was conducted 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). 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. Fiscal Period Audited**

Single audit testing procedures were performed for program transactions occurring during the fiscal year ended June 30, 2019. Single audit testing has previously been performed on transactions occurring during the fiscal year ended June 30, 2018.

**Note 3. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Board and is presented on the modified accrual basis of accounting. This statement has been prepared in accordance with generally accepted accounting principles. The Board of Education of Worcester County has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**Note 4. Reconciliation of Federal Awards**

Restricted Federal awards/expenditures per statement of revenues and expenditures – combined restricted and unrestricted	\$ 6,668,884
Restricted Federal awards/expenditures per statement of revenues, expenses and changes in fund net position – proprietary fund less MD meals for achievement (state funds)	1,785,043
USDA donated commodities per statement of revenues, expenses and changes in fund net position – proprietary fund	<u>184,602</u>
Subtotal	\$ 8,638,529
ROTC, other grant revenue/expenses included in federal revenue but not included on schedule of expenditures of federal awards	(114,192)
Medicaid revenue/expense included in federal revenues but not included on schedule of expenditures of federal awards	<u>(856,116)</u>
	<u>\$ 7,668,221</u>





THE BOARD OF EDUCATION OF WORCESTER COUNTY, MARYLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2019

**A. Summary of Auditors' Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of The Board of Education of Worcester County, Maryland.
2. No significant deficiencies 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 Worcester County, Maryland 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 the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for The Board of Education of Worcester County, Maryland expresses an unmodified opinion.
6. There are no current findings relative to the major federal award programs for the Board of Education of Worcester County, Maryland.
7. The programs tested as major programs include:

<u>GRANT DESCRIPTION</u>	<u>CFDA #</u>
National School Lunch Cluster	10.553/555/558/559

8. The threshold for distinguishing Type A programs was \$750,000.
9. The Board of Education of Worcester County, Maryland was determined to be a low-risk auditee for the year ended June 30, 2019.

**B. Findings Related to the Financial Statements**

None.

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

None

