

CALVERT COUNTY PUBLIC SCHOOLS

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2018

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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**

To the Board of Education of Calvert County
and Management of
Calvert County Public Schools
Prince Frederick, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Calvert County Public Schools (CCPS), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise CCPS' basic financial statements, and have issued our report thereon dated September 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CCPS' 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 CCPS' internal control. Accordingly, we do not express an opinion on the effectiveness of CCPS' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CCPS' 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 Standard*.

CCPS' Response to Finding

CCPS' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. CCPS' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCPS' internal control over financial reporting. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 28, 2018

**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**

To the Board of Education of Calvert County and Management of
Calvert County Public Schools
Prince Frederick, Maryland

Report on Compliance for Each Major Federal Program

We have audited Calvert County Public Schools' (CCPS) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CCPS' major federal programs for the year ended June 30, 2018. CCPS' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CCPS' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CCPS' 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 CCPS' compliance.

To the Board of Education of Calvert County and Management of
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Opinion on Each Major Federal Program

In our opinion, CCPS 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, 2018.

Report on Internal Control Over Compliance

Management of CCPS 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 CCPS' 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 CCPS' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the 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, each major fund, and the aggregate remaining fund information of CCPS, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise CCPS' basic financial statements. We issued our report thereon dated September 28, 2018, 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

To the Board of Education of Calvert County and Management of
Calvert County Public Schools

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
December 11, 2018

**CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Federal Funds Received Directly				
U.S. Department of Education				
PL 874	84.041	N/A	\$ -	\$ 388,991
U.S. Department of Health and Human Services				
Head Start Year 5 Funds	93.600	N/A	-	1,038,935
Head Start Year 5 T & TA Funds	93.600	N/A	-	13,928
Head Start Year 6 Funds	93.600	N/A	-	324,923
Head Start Year 6 T & TA Funds	93.600	N/A	-	9,002
Total Head Start			-	1,386,788
Total Federal Funds Received Directly			-	1,775,779
U.S. Department of Education				
Federal Programs Administered Through				
Maryland State Department of Education				
<u>Elementary And Secondary Education:</u>				
Title I Educationally Deprived	84.010	18071401	-	1,093,731
Title I Educationally Deprived	84.010	17082601	-	173,732
Title I Educationally Deprived	84.010	18129501	-	92,664
Title I Educationally Deprived	84.010	17131001	-	14,874
Total Title I			-	1,375,001
<u>Occupational, Vocational and Adult Education</u>				
Voc. Ed-Basic Grants	84.048	18059901	-	96,953
Voc. Ed-Basic Grants	84.048	18089001	-	41,366
Total Vocational Education			-	138,319
<u>Special Education Cluster:</u>				
Special Education Grants to States	84.027	18052301	-	2,875,697
Special Education Grants to States	84.027	18102701	-	10,965
Special Education Grants to States	84.027	18102702	-	130
Special Education Grants to States	84.027	17011401	-	281,489
Special Education Grants to States	84.027	17011402	-	32,288
Special Education Grants to States	84.027	18052305	-	281
Special Education Grants to States	84.027	17011406	-	16,507
Special Education Grants to States	84.027	18030301	-	125,000
Special Education Grants to States	84.027	16572901	-	1,976
Special Education Grants to States	84.027	17013301	-	476
Special Education Grants to States	84.027	18052303	-	873
Special Education Grants to States	84.027	17011403	-	1,491
Special Education Grants to States	84.027	18052304	-	49,094
Special Education Grants to States	84.027	17011404	-	23,355
Special Education Grants to States	84.027	18131601	-	5,796
Special Education Grants to States	84.027	18021601	-	50,444
Special Education Grants to States	84.027	18052302	-	8,544
Special Education Grants to States	84.027	18052306	-	11,961
Special Education Grants to States	84.027	18052307	-	30,200
Total Special Education Cluster			-	3,526,567

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Federal Programs Administered Through				
Maryland State Department of Education (Continued)				
<u>Preschool</u>				
Special Education Preschool Grants	84.173	17026401	-	66
Special Education Preschool Grants	84.173	18052401	-	66,957
Special Education Preschool Grants	84.173	18052402	-	527
Special Education Preschool Grants	84.173	18019801	-	7,000
Special Education Preschool Grants	84.173	18019802	-	4,112
Total Special Education Preschool Grants			-	78,662
Total Special Education Cluster			-	3,605,229
<u>Infant and Toddlers</u>				
Special Education Grants for Infants and Families	84.181	16438202	-	603
Special Education Grants for Infants and Families	84.181	18021001	-	91,469
Special Education Grants for Infants and Families	84.181	17015601	-	16,595
Total SPED Preschool and Infants and Families			-	108,667
<u>Dept of Rehabilitation Services</u>				
Special Education Grants to States	84.126	17152701	-	5,312
<u>Title II A Improving Teacher Quality:</u>				
Improving Teacher Quality State Grants	84.367	18125601	-	155,042
Improving Teacher Quality State Grants	84.367	17096601	-	4,544
Title IIA -PerK-2 Symposium	84.367	17154801	-	2,826
Improving Teacher Quality State Grants	84.367	17162101	-	9,608
Total Improving Teacher Quality			-	172,020
<u>English Language Acquisition</u>				
English Language Acquisition Grants	84.365	16429301	-	295
English Language Acquisition Grants	84.365	18040401	-	5,609
English Language Acquisition Grants	84.365	17049001	-	6,185
English Language Acquisition Grants	84.365	18160801	-	725
Total English Language Acquisition Grants			-	12,814
<u>Safe & Drug Free Schools & Communities Act</u>				
Title IV (SAES)	84.424	18111701	-	20,611
<u>Statewide data systems-DCAA</u>				
Open Educational Resource Grant	84.372	18081502	-	8,890
<u>Stewart B McKinney Homeless Assistance</u>				
Education for the Homeless	84.196	18135301	-	11,393
Total Federal Programs Administered Through Maryland State Department of Education			-	5,458,256

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	CFDA Number	Identifying Number	Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:				
Federal Programs Administered Through Maryland State Department of Education				
Child Nutrition Cluster:				
Food Distribution-USDA Commodities	10.555	N/A	-	283,550
USDA School Lunch	10.555	N/A	-	1,184,085
Total School Lunch/Commodities			-	1,467,635
USDA School Breakfast	10.553	N/A	-	267,315
Summer Food Program	10.559	N/A	-	11,048
Total Child Nutrition Cluster			-	1,745,998
TOTAL FEDERAL AWARDS			\$ -	\$ 8,980,033

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Calvert County Public Schools (CCPS) for the year ended June 30, 2018.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards has been prepared using the modified accrual basis of accounting. This basis of accounting is fully described in Note 1 to CCPS' basic financial statements.

NOTE 2 RELATION TO FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS

The following schedule reconciles the amounts per the financial statements to the amounts per the Schedule of Expenditures of Federal Awards for the year ended June 30, 2018:

REVENUE

Balance Per Financial Statements:	
Federal Revenues	\$ 10,406,553
Less:	
U.S. Navy ROTC	(276,812)
Medical Assistance Revenue	(1,155,696)
Miscellaneous Adjustments	<u>5,988</u>
Total Per Schedule of Expenditures of Federal Awards	<u><u>\$ 8,980,033</u></u>

NOTE 3 INDIRECT COSTS

CCPS did not elect to use the 10% de minimis cost rate for indirect costs.

**CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? x yes _____ none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to determine Type A programs: \$750,000

Auditee qualify as low-risk auditee? x yes _____ no

**CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

2018 – 001 APPROVAL OVER JOURNAL ENTRIES FOR CASH RECEIPTS

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: CCPS did not maintain adequate documentation to support segregation of duties between the employee initiating and approving journal entries for cash receipts. Due to limitations within the accounting software, we noted that the audit trail identified the same employee as the initiator and approver of the journal entry.

Criteria: Internal controls over financial reporting is required to ensure that transactions are properly recorded and accounted for reliable financial statements.

Context: We noted that for 7 out of 8 journal entries selected for testing related to the recording of cash receipts, we were unable to obtain documentation to support segregation of duties between the initiator and approver.

Effect: CCPS accounting software was unable to provide documentation supporting segregation of duties for journal entries related to cash receipts.

Cause: The accounting system does not maintain an audit trail of the originator and approver of the journal entry beyond the day of entry.

Repeat Finding: No

Recommendation: We recommend CCPS review their current procedures for approving journal entries for cash receipts and implement a manual procedure for documenting approval of the journal entries.

Views of responsible officials and planned corrective actions:

Management concurs that Calvert County Public Schools should review current procedures for approving deposit entries and implement a procedure which documents that proper segregation of duties exists regarding entering and approving deposit transactions in the financial system. We will not approve deposit entries on the same day the transactions are entered in the financial system. On a daily basis, the Department of Information Technology will run a program that will capture the audit trail to identify the employee who entered the deposit transaction in the financial system as well as the employee who subsequently approved the deposit transaction.

Section III – Findings and Questioned Costs – Major Federal Programs

There were no findings in the prior year that were required to be reported in accordance with Uniform Guidance.