THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND

SINGLE AUDIT
SUPPLEMENTAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2019

THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND
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CliftonLarsonAllen LLP
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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*

Board of Education
of Montgomery County, Maryland
Rockville, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of The Board of Education of Montgomery County, Maryland operating as Montgomery County Public Schools (the Board), a component unit of Montgomery County, Maryland, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 27, 2019. The Board's financial statements include the operations of MCPS Educational Foundation, Inc. (Foundation), a discretely presented component unit. Our report, described below, did not include the operations of the Foundation because the Foundation (a component unit) engaged for its own separate audit in accordance with *Government Auditing Standards*.

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'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 result of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
September 27, 2019



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education
of Montgomery County Public Schools
Rockville, Maryland

Report on Compliance for Each Major Federal Program

We have audited The Board of Education of Montgomery County, Maryland operating as Montgomery County Public Schools (the Board) compliance with the types of compliance requirements described in the *OMB Circular 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 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 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 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 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. 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 result 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of 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'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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 16, 2019

THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through/Program	CFDA Number	Pass-Through Grantor Number	MCPS Project Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture					
Distributed through Maryland State Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	food1	food1	$ -	$ 9,305,159
National School Lunch Program	10.555	food2	food2	-	23,769,651
Food Distribution	10.555	food5	food5	-	3,728,679
Free and Reduced Snack Program	10.555	food8	food8	-	162,375
Subtotal				-	27,660,705
Summer Food Service Program	10.559	food3	food3	-	1,537,538
Total Child Nutrition Cluster				-	38,503,402
Child and Adult Care Food Program	10.558	food4	food4	-	1,489,357
At Risk Supper Program	10.558	food7	food7	-	1,465,351
Subtotal				-	2,954,708
Team Nutrition Grant	10.574	180776-01	0803	-	2,298
Team Nutrition Grant	10.574	190904-01	0806	-	9,487
Team Nutrition Grant	10.574	190992-01	0806	-	6,508
Subtotal				-	18,293
Fresh Fruit and Vegetable Program	10.582	food6	food6	-	145,637
Total U.S. Department of Agriculture				-	41,622,040
U.S. Department of Education					
Distributed through Maryland State Department of Education:					
Special Ed Cluster:					
Special Ed Cluster	84.027	170117-01	8702	-	826,029
Special Ed Cluster	84.027	170117-02	8715	-	15,457
Special Ed Cluster	84.027	180434-01	8802	-	4,313,862
Special Ed Cluster	84.027	180434-02	8815	-	91,535
Special Ed Cluster	84.027	180434-04	8804	-	102,825
Special Ed Cluster	84.027	180434-07	8814	-	7,907
Special Ed Cluster	84.027	181470-01	8877	-	73,293
Special Ed Cluster	84.027	181553-01	8881	-	123,246
Special Ed Cluster	84.027	181666-01	8889	-	4,722
Special Ed Cluster	84.027	190333-01	8902	-	26,642,631
Special Ed Cluster	84.027	190333-02	8915	-	583,302
Special Ed Cluster	84.027	190333-03	8906	-	1,720
Special Ed Cluster	84.027	190333-04	8903	-	14,369
Special Ed Cluster	84.027	190333-05	8910	-	23,486
Special Ed Cluster	84.027	190333-06	8911	-	59,841
Special Ed Cluster	84.027	190333-07	8912	-	145,784
Distributed through Montgomery County, Maryland:					
Special Ed Cluster	84.027	190224-01	8909	-	638,105
Subtotal				-	33,668,114
Distributed through Maryland State Department of Education:					
Special Ed Cluster	84.173	180334-01	8808	-	37,581
Special Ed Cluster	84.173	181387-01	8874	-	53,362
Special Ed Cluster	84.173	190257-01	8908	-	624,513
Special Ed Cluster	84.173	190257-02	8922	-	9,719
Subtotal				-	725,175
Total Special Ed Cluster				-	34,393,289

THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through/Program	CFDA Number	Pass-Through Grantor Number	MCPS Project Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. Department of Education (Continued)					
Distributed through Maryland State Department of Education (Continued):					
Title I, Part A:					
Title I, Part A	84.010	180700-01	8820	$ 2,568	$ 5,514,693
Title I, Part A	84.010	181356-01	8824	-	9,765
Title I, Part A	84.010	181305-01	8865	-	57,986
Title I, Part A	84.010	190624-01	8920	10,287	20,975,551
Title I, Part A	84.010	191302-01	8924	-	66,575
Distributed through Prince George's County Public Schools:					
Title I, Part A	84.010	19158969	8969	-	55,887
Total Title I, Part A				12,855	26,680,457
Vocational Education	84.048	191125-01	8955	-	4,710
Vocational Education	84.048	191125-01	8956	-	2,139
Vocational Education	84.048	191125-01	8957	-	4,946
Vocational Education	84.048	191125-01	8958	-	4,431
Vocational Education	84.048	191127-01	8930	-	593,966
Vocational Education	84.048	191127-01	8931	-	454,625
Vocational Education	84.048	191127-01	8932	-	40,086
Vocational Education	84.048	191127-01	8933	-	36,179
Vocational Education	84.048	191127-01	8934	-	14,899
Vocational Education	84.048	191127-01	8935	-	66,800
Vocational Education	84.048	191127-01	8936	-	64,104
Total Vocational Education				-	1,286,885
Rehabilitation Services Vocational Rehabilitation Services Vocational Rehabilitation	84.126	181413-02	8875	-	110,005
Rehabilitation Services Vocational Rehabilitation	84.126	191482-01	8976	-	5,375
Total Rehabilitation Services Vocational				-	115,380
Education for Homeless Children and Youth	84.196	181346-01	8873	-	60,981
Education for Homeless Children and Youth	84.196	191140-01	8973	-	50,203
Total Education for Homeless Children and Youth				-	111,184
21st Century Community Learning Centers	84.287	181148-01	8854	-	29,622
21st Century Community Learning Centers	84.287	191105-01	8954	-	337,485
Total 21st Century Community Learning Centers				-	367,107
English Language Acquisition	84.365	170660-01	8727		42,640
English Language Acquisition	84.365	180414-01	8827	2,261	114,817
English Language Acquisition	84.365	190314-01	8927	39,597	2,680,349
Total English Language Acquisition				41,858	2,837,806
Improving Teacher Quality	84.367	181252-01	8807	-	182,382
Improving Teacher Quality	84.367	181252-01	8839	-	469
Improving Teacher Quality	84.367	190391-01	8986	-	1,000
Improving Teacher Quality	84.367	190758-01	8951	-	22,000
Improving Teacher Quality	84.367	191034-01	8952	-	2,849
Improving Teacher Quality	84.367	191371-01	8907	-	457,643
Improving Teacher Quality	84.367	191371-01	8939	-	2,547,454
Total Improving Teacher Quality				-	3,213,797
Striving Readers	84.371	191042-01	8992	-	744
Striving Readers	84.371	191185-01	8966	-	17,274
Striving Readers	84.371	191430-01	8974	-	277
Total Striving Readers				-	18,295

THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through/Program	CFDA Number	Pass-Through Grantor Number	MCPS Project Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. Department of Education (Continued)					
Distributed through Maryland State Department of Education (Continued):					
Statewide Longitudinal Data Systems	84.372	181740-01	8888	$ -	$ 6,664
Statewide Longitudinal Data Systems	84.372	191177-01	8948	-	3,283
Statewide Longitudinal Data Systems	84.372	191195-01	8981	-	3,914
Total Statewide Longitudinal Data Systems				-	13,861
Race to the Top Preschool Development - ARRA	84.419	190735-01	8949	-	367,200
Student Support and Academic Enrichment	84.424	181123-01	8876	25,021	488,826
Student Support and Academic Enrichment	84.424	191295-01	8977	4,400	65,346
				29,421	554,172
Emergency Impact Aid Grant	84.938	191170-01	8946	18,934	384,986
Direct Payments:					
Impact Aid Cluster	84.041	pl874	pl874	-	185,340
Indian Education	84.060	S060A180538	8926	-	22,722
Research and Development Cluster:					
Child Health and Human Development Extramural Research	93.865	HHSN269201300124P	8816	-	194,248
Child Health and Human Development Extramural Research	93.865	HHSN269201300124P	8916	-	52,402
Total Research and Development Cluster				-	246,650
Total Direct Payments				-	454,712
Total U.S. Department of Education				103,068	70,799,131
U.S. Department of Health and Human Services					
Distributed through Montgomery County, Maryland:					
Head Start	93.600	03CH9990/04	8928	-	3,916,305
Head Start	93.600	03CH9990/04	8929	-	54,272
Total Distributed through Montgomery County, Maryland				-	3,970,577
Total U.S. Department of Health and Human Services				-	3,970,577
U.S. Department of Justice					
Distributed through RAND Corporation:					
National Institute of Justice Research, Revaluation and Development Project	16.560	19158972	8972	-	345,855
Total Distributed through RAND Corporation				-	345,855
National Aeronautics and Space Administration					
Distributed through Johns Hopkins University:					
Education	43.008	19158988	8988	-	22,050
Total Distributed Through John Hopkins University				-	22,050
Grand Total Expenditures of Federal Awards				$ 103,068	$ 116,759,653

THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards (the Schedule) relates only to federal programs administered by The Board of Education of Montgomery County, Maryland (the Board). It should be read in conjunction with the Board's basic financial statements and the accompanying notes. The federal programs are subject to the accounting policies and procedures of the Board, which conform to accounting principles generally accepted in the United States for governmental entities.

The federal grant programs account for the expenditure of funds by the Board in the General and Enterprise funds. Expenditures represent direct costs of operating programs, principally personnel, capital projects, and fringe benefit costs. Expenditures of grant funds are made for the purposes specified by the grantor, which include certain restrictions. The grantor may ultimately disallow certain expenditures which the Board has charged to grant funds. In the event of final disallowance, the funds will be reimbursed to the federal government by the Board.

The federal share of the enterprise funds is commingled with state and local funding, as well as revenues provided from user charges. Expenditures are assumed to be paid first from the federal revenues for purposes of the Schedule. Commodities received from the U.S. Department of Agriculture are valued at fair market value and recorded as expenditures when used. During the fiscal year ended June 30, 2019, the fair market value of commodities consumed was $3,728,679.

NOTE 2 INDIRECT COST

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

NOTE 3 RECONCILIATION OF FEDERAL EXPENDITURES

Federal expenditures in the Board Comprehensive Annual Financial Report (CAFR) reconcile to the Schedule of Expenditures of Federal Awards as follows:

General Fund Federal Expenditures	$ 102,816,155
Capital Fund Federal Expenditures	805,121
Enterprise Fund Federal Expenditures	41,622,040
Total Federal Expenditures per the CAFR	145,243,316
Less:	
Funds Not Included on the Schedule:	
Medical Assistance	(5,117,501)
ERATE	(805,121)
Medicare Part D	(22,561,041)
Total Reported per Single Audit	$ 116,759,653

THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? _____ yes ____x____ no
   - Significant deficiency(ies) identified? _____ yes ____x____ none reported
3. Noncompliance material to financial statements noted? _____ yes ____x____ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? _____ yes ____x____ no
   - Significant deficiency(ies) identified? _____ yes ____x____ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. 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
10.553, 10.555, 10.559	Child Nutrition Cluster
84.365	English Language Acquisition
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs: $ 3,000,000

Auditee qualified as low-risk auditee? ____x____ yes _____ no

THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

None noted.

THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND
SUMMARY OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2019

2018 – 001 TIME AND EFFORT CERTIFICATION CFDA 84.367

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

Condition: The Board established a mentor program to support new educators for their first three years of employment. The mentors' salary is, in-part, supported by Title II funds, which requires documentation of the mentor's time and effort in relation to the federal program. The Board did not provide time and effort documentation to support the mentor teachers' salary charged to the Title II program.

Current Status: Resolved

2018 – 002 PERIOD OF PERFOMANCE CFDA 84.010

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

Condition: CLA noted that employee reimbursement for mileage for June 2017 was recorded to the grant prior to the beginning period of performance; the grant award the period of performance began July 1, 2017.

Current Status: Resolved