

**FORT BEND
INDEPENDENT SCHOOL DISTRICT**

SINGLE AUDIT REPORT

**For The Fiscal Year Ended
June 30, 2018**

FORT BEND INDEPENDENT SCHOOL DISTRICT
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**REPORT OF INDEPENDENT AUDITORS 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 Trustees
Fort Bend Independent School District
Sugar Land, Texas

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, business-type activities, each major fund, and the aggregate remaining fund information of Fort Bend Independent School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 31, 2018.

Internal Control over Financial Reporting

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

To the Board of Trustees
Fort Bend Independent School District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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.

Whitley Penn LLP

Houston, Texas
October 31, 2018

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

To the Board of Trustees
Fort Bend Independent School District
Sugar Land, Texas

Report on Compliance for Each Major Federal Program

We have audited Fort Bend Independent School District's (the "District") 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 District's major federal programs for the year ended June 30, 2018. The District'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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District'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 District'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 District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the District 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 District'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 District'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 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, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated October 24, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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

To the Board of Trustees
Fort Bend Independent School District

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 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.

Whitley Penn LLP

Houston, Texas
October 31, 2018

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)	No

Identification of Major Programs:

Name of Federal Program	CFDA Number
Child Nutrition Cluster	
National School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Feeding Program	10.559
ESEA Title II, Part A: Teacher and Principal Training and Recruiting	84.367A
Restart Hurricane recovery	84.938A
Temporary Emergency Impact Aid for Displaced Students	84.938C
Project SERV Hurricane Recovery Grant	84.938G
Dollar threshold used to distinguish between Type A and Type B Federal Programs:	\$1,675,463
Auditee qualified as low-risk auditee?	Yes

**FORT BEND INDEPENDENT SCHOOL DISTRICT FORT BEND INDEPENDENT
SCHOOL DISTRICT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

For the Year Ended June 30, 2018

II. Financial Statement Findings

None noted

III. Federal Awards Findings and Questioned Costs

None noted

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Exhibit K-1
Page 1 of 2

Fund Code	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2a) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<u>U.S. Department of Education:</u>				
Passed Through Texas Education Agency:				
Title I, Part A				
211	ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101079907	9,225,569
211	ESEA, Title I, Part A - Improving Basic Programs	84.010A	17610101079907	1,093,126
211	Title I - School Improvement	84.010A	18610123079907	271,649
211	Title I - Priority and Focus School	84.010A	17610112079907000	24,687
Total Title I, Part A				<u>10,615,031</u>
Special Education Cluster				
224	IDEA - Part B, Formula	84.027A	186600010799076600	11,354,966
224	IDEA - Part B, Formula	84.027A	176600010799076600	1,800,110
225	IDEA - Part B, Preschool	84.173A	186610010799076610	103,174
225	IDEA - Part B, Preschool	84.173A	176610010799076610	10,906
315	IDEA - Part B, Disc (Deaf)	84.027A	186600110799076673	123,447
315	IDEA - Part B, Disc (Deaf)	84.027A	17660011079907	10,561
Total Special Education Cluster				<u>13,403,164</u>
244	Career and Technical-Basic Grant	84.048A	18420006079907	485,104
244	Career and Technical-Basic Grant	84.048A	17420006079907	171,769
255	ESEA, Title II, Part A: Supporting Effective Instruction	84.367A	18694501079907	1,071,288
255	ESEA, Title II, Part A: Supporting Effective Instruction	84.367A	17694501079907	86,543
263	Title III, Part A, English Language Acquisition and Language Enhancement	84.365A	18671001079907	1,043,225
263	Title III, Part A, English Language Acquisition and Language Enhancement	84.365A	17671001079907	98,997
263	Title III, Part A, Immigrant	84.365A	18671003079907	349,268
263	Title III, Part A, Immigrant	84.365A	17671003079907	40,782
288	Title VI, Part A, Summer School LEP	84.369A	69551702	58,170
289	Title IV, Part A: Student Support and Academic Enrichment Grant	84.424A	18680101079907	160,217
289	Restart Hurricane Recovery	84.938A	18511701079907	5,165,637
289	Temporary Emergency Impact Aid for Displaced Students	84.938C	S938C180013	7,784,862
289	Project SERV Hurricane Recovery Grant	84.938G	18510701079907	86,003
340	IDEA C Early Intervention (Deaf)	84.181A	183911010799073911	1,321
Total Passed Through Texas Education Agency				<u>\$ 40,621,381</u>
Passed Through University of Texas				
273	Mathematics and Science Partnership	84.366B	176944047110001	\$ 92,271
273	Mathematics and Science Partnership	84.366B	166944047110001	14,288
Total Passed Through University of Texas				<u>106,559</u>
Total U.S. Department of Education				<u>40,727,940</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended June 30, 2018

Exhibit K-1
Page 2 of 2

Fund Code	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2a) Pass-Through Entity Identifying Number	(3) Federal Expenditures
	<u>U.S. Department of Agriculture</u>			
	Passed Through the Texas Department of Agriculture:			
	Cash assistance:			
240	<i>Child and Adult Care Food Program</i>	10.558	551	285,463
	Total Passed Through Texas Department of Agriculture			285,463
	<u>Child Nutrition Cluster</u>			
	Passed Through the Texas Department of Agriculture:			
	Non-cash assistance (commodities):			
240	<i>National School Lunch Program</i>	10.555	551	1,564,481
	Cash assistance:			
242	<i>Summer Feeding Program</i>	10.559	551	89,752
	Total Passed Through Texas Department of Agriculture			1,654,233
	Passed Through Texas Education Agency:			
	Cash assistance:			
240	<i>National School Breakfast Program</i>	10.553	71401801	2,248,211
240	<i>National School Lunch Program</i>	10.555	71301801	10,803,061
	Total Passed Through Texas Education Agency			13,051,272
	Total Child Nutrition Cluster			14,705,505
	Total U. S. Department of Agriculture			14,990,968
	<u>Institute of Museum and Library Services</u>			
	Passed Through Texas State Library & Archives Commission:			
288	<i>Grants to States</i>	45.310	306	5,000
	Total Passed Through Texas State Library & Archives Commission			5,000
	Total Institute of Museum and Library Services			5,000
	<u>U.S. Department of Health and Human Services</u>			
	Passed Through Texas Health and Human Services Commission:			
272	<i>Medicaid Administrative Claiming Program (MAC)</i>	93.778	079-907	124,846
	Total Passed Through Texas Health and Human Services Commission			124,846
	Total U. S. Department of Health and Human Services			124,846
	Total Expenditures of Federal Awards			\$ 55,848,754

FORT BEND INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Note 1 - Basis of Accounting

The District accounts for all awards under federal programs in the General and Certain Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards per Exhibit K-1 and federal revenues reported on Exhibit C-3 of the District's Comprehensive Annual Financial Report:

Total Expenditures of Federal Awards on Exhibit K-1	\$ 55,848,754
School Health and Related Services (SHARS)	11,099,825
Reserve Officers' Training Corps (ROTC)	665,675
E-Rate	463,286
Federal Revenues Reported on Exhibit C-3	<u>\$ 68,077,540</u>

FORT BEND INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Note 4 - General Fund Expenditures

Federal awards reported in the general fund are summarized as follows:

Program or Source	CFDA Number	Amount
SHARS	N/A	\$ 11,099,825
Reserve Officers' Training Corps	12.000	665,675
E-Rate		463,286
Indirect Costs:		
ESEA Title I, Part A, Improving Basic Programs	84.010A	179,133
IDEA-B, Formula	84.027A	196,297
Career and Technical - Basic Grant	84.048A	10,919
ESEA, Title II, Part A: Supporting Effective Instruction	84.367A	16,072
Title III, Part A, English Language Acquisition and Language Enhancement	84.365A	22,459
Title IV, Part A: Student Support and Academic Enrichment Grant	84.424A	1,942
Mathematics and Science Partnership	84.366B	1,357
Total		<u><u>\$ 12,656,965</u></u>

FORT BEND INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2018

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None reported

FORT BEND INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2018

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, “At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports.”

I. Corrective Action Plan

Not Applicable