

CALVERT COUNTY, MARYLAND

**Single Audit Together with
Reports of Independent Public Accountants**

For the Year Ended June 30, 2017



SB & COMPANY, LLC
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JUNE 30, 2017

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

County Commissioners of Calvert County
Prince Frederick, Maryland

Report on the Financial Statements

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Calvert County, Maryland (the County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements.

Management's Responsibility for the Financial Statements

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Education of Calvert County, Maryland. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, are based on the reports of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows, and the respective budget and actual statements for the general fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in County's net pension liability and related ratios, the schedules of County contributions, and schedules of investment returns for the Volunteer Fire and Rescue Pension fund, Sheriff's Department Pension Plan and Employees Retirement Plan and the schedules of funding progress, employer contributions, schedule of changes in the County's net OPEB liability and related ratios, schedule of County contributions, schedule of investment returns for the Other Post-Employment Benefits (OPEB) Plan, and budget and actual schedule for the capital projects fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, statistical tables and the combining and individual nonmajor funds and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements.



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The accompanying combining and individual nonmajor funds and other schedules are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 accompanying combining and individual nonmajor funds and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Hunt Valley, Maryland
December 29, 2017

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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***

County Commissioners of Calvert County
Prince Frederick, Maryland

We have audited, in accordance with 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Calvert County, Maryland (the County) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 29, 2017. Our report includes a reference to other auditors who audited the financial statements of the Board of Education of Calvert County, Maryland, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

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



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Our consideration of the internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 County's financial statements are free of 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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hunt Valley, Maryland
December 29, 2017

A handwritten signature in black ink that reads "SB & Company, LLC".



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

County Commissioners of Calvert County
Prince Frederick, Maryland

Report on Compliance for Each Major Federal Program

We have audited the compliance of Calvert County, Maryland (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County's major Federal programs for the year ended June 30, 2017. The County's major Federal program is identified in the summary of independent public accountants' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 County'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 on the County's compliance.



Opinion on Each Major Federal Program

In our opinion, the 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, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the compliance requirements referred to above that are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major Federal program is not modified with respect to these matters.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of corrective action. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County 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 compliance audit, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and for each major Federal programs 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 County'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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of corrective action. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Calvert County as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Calvert County's basic financial statements. We issued our report thereon dated December 29, 2017, 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.

Hunt Valley, Maryland
January 23, 2018, except for note 4 which is April 11, 2018

CALVERT COUNTY, MARYLAND

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2017

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Award or Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipients</u>
Environmental Protection Agency				
Passed Through Maryland Department of the Environment				
Safe Drinking Water State Revolving Fund	66.468	Unknown	\$ 433,124	
Department of Homeland Security				
Passed Through Maryland Emergency Management Agency (MEMA)				
Calvert Cliffs Songbird Lane Acquisition /Demolition	97.039	FEMA DR-4091-MD-0021	13,766	
Calvert County Elevation Project	97.039	FEMA DR-4091-MD-0026	166,680	
Homeland Security FFY 15	97.067	EMW-2015-SS-00077	71,258	
Pre-Disaster Mitigation Grant	97. Unknown	PDMC-PL-03-MD-2015-007	22,497	
Emergency Management Program Grant	97.042	EMW-2015-FP-00008-SO1	87,382	
Total Department of Homeland Security			<u>361,583</u>	
Department of Health & Human Services				
Direct Programs:				
Title III E Family Caregivers FFY 17	93.052	AAA-3-24-005	14,000	
Title III E Family Caregivers FFY 16	93.052	AAA-3-24-005	7,883	
Title III D Preventive Health & Medicated Mgmt FFY 16	93.043	AAA-3-24-005	3,562	
Title III D Preventive Health & Medicated Mgmt FFY 17	93.043	AAA-3-24-005	5,950	
Title III C-2 Meals FFY 16	93.045	AAA-3-24-005	27,648	
Title III C-2 Meals FFY 16 - NSIP	93.053	ST 6505-005	3,106	
Title III C-2 Meals FFY 17	93.045	AAA-3-24-005	12,183	
Title III C-2 Meals FFY 17 - NSIP	93.053	ST 6505-005	9,226	
Title III C-1 Meals FFY 16	93.045	AAA-3-24-005	13,592	
Title III C-1 Meals FFY 16 - NSIP	93.053	ST 6505-005	5,518	
Title III C-1 Meals FFY 17	93.045	AAA-3-24-005	60,702	
Title III C-1 Meals FFY 17 - NSIP	93.053	ST 6505-005	16,401	
Title III B Support FFY 16	93.044	AAA-3-24-005	26,000	
Title III B Support FFY 17	93.044	AAA-3-24-005	40,330	
OMBUDSMAN FFY16	93.044	AAA-3-24-005	1,800	
Title III G Ombudsman FFY 17	93.044	AAA-3-24-005	1,777	
Passed Through Maryland Department of Aging				
Maryland Access Point	93.778	6904	2,263	
Medicare Improvements for Patients & Providers Act (MIPPA)	93.071	ST-6517-005	5,581	
Medicare Improvements for Patients & Providers Act (MIPPA)	93.071	653717/05, 653817/05	3,930	
State Health Insurance Program	93.324	90SA0036-002-00	1,015	
State Health Insurance Program	93.324	90SA0036-002-00	11,730	
Senior Medicare Patrol	93.048	6534-005	2,250	
Passed Through Maryland Department of Human Resources				
Child Support Enforcement				
Sheriff - Child Support Enforcement FFY 16	93.563	CSEA/CRA-16-038	108,371	
Sheriff - Child Support Enforcement FFY 17	93.563	CSEA/CRA-17-038	267,802	
State's Attorney - Non Support Grant FFY 16	93.563	CSEA/CRA-16-007	71,848	
State's Attorney - Non Support Grant FFY 17	93.563	CSEA/CRA-17-007	215,596	
Domestic Master - Child Support FFY 16	93.563	CSEA/CRA-16-036	23,842	
Domestic Master - Child Support FFY 17	93.563	CSEA/CRA-17-036	66,596	
Total Department of Health & Human Services			<u>1,030,502</u>	
Institute of Museum and Library Services				
Passed Through State Library				
2017 ARSL Conference Grant	45.310	LS0016002116/170819	9,726	
Library Staff Development	45.310	LS0016002116/165753	11,973	
Library Services & Technology ALA Conference Grant	45.310	LS0016002116/171377	7,557	
Total Institute of Museum and Library Services			<u>29,256</u>	

CALVERT COUNTY, MARYLAND

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Award or Pass-Through Entity Identifying Number	Federal Expenditures	Amount Paid to Subrecipients
Department of Transportation				
Passed Through Maryland Department of Transportation				
Calvert/St. Mary's Metropolitan Planning Organization	20.505	MD-80-0010-00	\$ 15,099	
Calvert/St. Mary's Metropolitan Planning Organization	20.505	MD-80-0010-00	6,968	
Rideshare Assistance	20.507	MD-95-CM17	8,730	
Rural Public Transportation Operation	20.507	CA065307O2017/CA065311O2017	174,859	
Capital Equipment FY13-16	20.507	CA065307O2016/CA065311O2016	29,949	
Capital Equipment FY17	20.507	CA065307O2017/CA065311O2017	126,781	
Capital - Bus	20.507	CA065307O2016/CA065311O2016	154,904	
Passed Through Maryland Highway Safety Office				
CCSO Highway Safety Grant FFY16 1	20.600	2016-002	7,545	
CCSO Highway Safety Grant FFY16 1	20.608	2016-002	5,880	
CCSO Highway Safety Grant FFY16 1	20.616	2016-002	6,000	
CCSO Highway Safety Grant FFY17 1	20.600	2017-036	6,863	
CCSO Highway Safety Grant FFY17 1	20.608	2017-036	937	
CCSO Highway Safety Grant FFY17 1	20.616	2017-036	9,382	
Senior Highway Safety	20.600	GN 2016-096	470	
Total Department of Transportation			<u>554,368</u>	
Department of Commerce				
Passed Through Maryland Department of Natural Resources				
CoastSmart communities Initiative Grant	11.419	14-16-2106-CZM-165	42,812	
CoastSmart communities Initiative Grant	11.419	14-17-2226-CZM-170	15,717	
Total Department of Commerce			<u>58,529</u>	
Department of Housing and Urban Development				
Passed Through Maryland Department of Housing and Community Development				
Emergency Solutions Grant	14.231	16 ESG-03-2015	24,984	\$ 24,984
Emergency Solutions Grant	14.231	17ESG-03-2016	22,851	22,851
Total Department of Housing and Urban Development			<u>47,835</u>	
Department of Interior				
Passed Through Maryland Historical Trust				
CLG	15.904	P16AF00024	13,000	
Underrepresented Communities Grant	15.904	P16AP00027	22,467	
Total Department of Housing and Urban Development			<u>35,467</u>	
Department of Justice				
Direct Programs:				
HIDTA	95.001	I-2016CCSO	5,625	
HIDTA	95.001	I-2017CCSO	1,875	
COPS Technology Grant - Public Safety	16.710	2010-CK-WX-0028	7,205	
Passed Through Governor's Office of Crime Control & Prevention				
Bullet Proof Vests Grant FFY16	16.607	OMB 1121-0235	10,288	
Bullet Proof Vests Grant FFY15	16.607	OMB 1121-0235	3,626	
VAWA	16.588	VAWA-2015-1401	12,086	
VAWA	16.588	VAWA-2016-0004	34,730	
Total Department of Justice			<u>75,435</u>	
Total Expenditures of Federal Awards			<u>\$ 2,626,098</u>	<u>\$ 47,835</u>

CALVERT COUNTY, MARYLAND

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of Calvert County, Maryland (the County) are included in the scope of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement. Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant programs noted below. The programs on the Schedule of Expenditures of Federal awards represent all Federal award programs and other grants with fiscal year 2017 cash or non-cash expenditure activities. For our single audit testing, we tested Federal award programs below with 2017 cash and non-cash expenditures to ensure coverage of at least 20% of Federally granted funds. Our actual coverage was 29%.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

<u>Major Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Child Support Enforcement	93.563	<u>\$ 754,055</u>

2. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of the County under programs of the Federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

CALVERT COUNTY, MARYLAND

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

3. SUBRECIPIENTS

The County provided Federal awards to subrecipients as follows:

<u>Recipient</u>	<u>CFDA</u>	<u>Amount Paid to Subrecipient</u>
Community Ministry	14.231	24,984
Project Echo	14.231	22,851
		<u>\$ 47,835</u>

4. DUAL DATE DESCRIPTION

Subsequent to the report date of January 23, 2018, the County became aware that Federally funded expenditures were missing from the Schedule of Expenditures of Federal Awards for the year ended June 30, 2017. The missing expenditure was funded by the Environmental Protection Agency, through the Maryland Department of the Environment as a Safe Drinking Water State Revolving Fund loan (CFDA # 66.468) in the amount of \$433,124. The expenditures have now been included in the Schedule of Expenditures of Federal Awards and a finding has been reported.

CALVERT COUNTY, MARYLAND

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Section I - Summary of Independent Public Accountants' Results

Financial Statements

Type of Independent Public Accountants' report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified that is not considered to be a material weakness?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Type of Independent Public Accountants' report issued on compliance for major programs	Unmodified
Internal control over major programs:	
Material weakness identified?	No
Significant deficiency identified that is not considered to be a material weakness?	Yes
Audit findings disclosed that are required to be reported in accordance with section 200.516 of Uniform Guidance?	Yes

CALVERT COUNTY, MARYLAND

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Identification of Major Program:

<u>Major Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Child Support Enforcement	93.563	<u>\$ 754,055</u>
Threshold for distinguishing between Type A and B programs		\$ 750,000
Did the County qualify as a low risk auditee?		Yes

Section II – Financial Statement Findings

None noted.

Section III - Federal Award Findings

See finding 2017-001.

CALVERT COUNTY, MARYLAND

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Reference Number: 2017-001

CFDA Number: 66.468 Safe Drinking Water State Revolving Fund

U.S. Environmental Protection Agency

Type of Finding: Compliance Significant Deficiency

Compliance Requirement(s): Reporting

Repeat Finding: No

Condition:

The County reports Federal funded activity on the Schedule of Expenditures of Federal Awards. The County did not report Federally funded loan expenditures on the schedule for the Safe Drinking Water State Revolving Fund.

Criteria:

Section §200.502 “Basis for determining Federal awards expended” of the Uniform Guidance requires that the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as: expenditure/expense transactions associated with awards including grants, cost-reimbursement contracts under the FAR, compacts with Indian Tribes, cooperative agreements, and direct appropriations; the disbursement of funds to subrecipients; the use of loan proceeds under loan and loan guarantee programs; the receipt of property; the receipt of surplus property; the receipt or use of program income; the distribution or use of food commodities; the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and the period when insurance is in force.

Furthermore, Section §200.510 “Financial statements” requires that the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended.

Cause:

The County did not have procedures in place to ensure Federal loan activity was recorded on the schedule.

Effect:

The Schedule of Expenditures of Federal Awards was not complete.

Questioned Costs:

None.

CALVERT COUNTY, MARYLAND

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Reference Number: 2017-001 (continued)

Recommendation:

We recommend the County strengthen its internal controls over financial reporting to ensure all grant expenditures are properly included and reported on the Schedule of Expenditures of Federal Awards and are reviewed and reconciled to the general ledger.

Auditee Response and Corrective Action Plan:

See Schedule of Corrective Action.

CALVERT COUNTY, MARYLAND

**Schedule of Corrective Action
For the Year Ended June 30, 2017**

Finding 2017-001

Responsible Official's Response and Corrective Action Plan:

The Calvert County Prince Frederick Well and Storage Tank project was an unusual grant for the County. This specific grant crossed multiple years and was accounted for in our Capital Projects Fund and not in our Grants Fund, where most grants are recorded. Another unusual aspect of the grant is that it is a loan from Maryland Department of the Environment (MDE), but it was a grant from the federal government to MDE. Due to the finding, employees within the Finance & Budget department have received both internal and external training and additional managerial levels of review have been implemented. The County has contacted the granting agency and was instructed to submit a revised report.

Planned Implementation Date of Corrective Action:

April 2018

Person Responsible for Corrective Action:

Director of Finance

CALVERT COUNTY, MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2017**

No Prior Year Findings.