

**CALVERT COUNTY, MARYLAND**

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

**For the Year Ended June 30, 2016**



**SB & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

**JUNE 30, 2016**

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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, 2016, 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.



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, 2016, 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 and employer contributions for the Other Post-Employment Benefits (OPEB) Plan 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 and the Schedule of Expenditures of Federal Awards, as required by the 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), are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual non major funds and other schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 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 information in the combining and individual non major fund and other schedules and the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the 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 19, 2016, on our consideration of the County's internal control over financial reporting and on 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the County's internal control over financial reporting and compliance.

Hunt Valley, Maryland  
December 19, 2016

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



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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, 2016, 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 19, 2016. 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 City'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.



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 19, 2016

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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, 2016. The County's major Federal programs are 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.

The County's basic financial statements include the operations of the Board of Education of Calvert County, Maryland, which received Federal awards that are not included in the accompanying Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of these entities because the County engaged other auditors to perform a separate audit in accordance with the Uniform Guidance.





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, 2016.

### **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.



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The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. 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.

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  
March 31, 2017

*SB & Company, LLC*

# CALVERT COUNTY, MARYLAND

## Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2016

<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>Subrecipients</u>
<b>Department of Homeland Security</b>				
Passed Through Maryland Emergency Management Agency (MEMA)				
Homeland Security FFY 15	97.067	EMW-2015-SS-00077	\$ 12,817	
Homeland Security FFY 14	97.067	EMW-2014-SS-0007-S01	83,542	
Calvert County Alternative EOC Generator Project	97.039	LPDM-FY2010	56,940	
Calvert Cliffs Songbird Lane Acquisition / Demolition Project	97.039	FEMA DR-4091-MD-0021	49,823	
Emergency Management Program Grant	97.042	EMW-2015-FP-00008-SO1	87,382	
<b>Total Department of Homeland Security</b>			<u>290,504</u>	
<b>Department of Health &amp; Human Services</b>				
Direct Programs:				
Title III E Family Caregivers FFY 15	93.052	AAA-3-24-005	9,032	
Title III E Family Caregivers FFY 16	93.052	AAA-3-24-005	16,502	
Title III D Preventive Health & Medicated Mgmt FFY 16	93.043	AAA-3-24-005	5,438	
Title III D Preventive Health & Medicated Mgmt FFY 15	93.043	AAA-3-24-005	7,531	
Title III C-2 Meals FFY 16	93.045	AAA-3-24-005	10,156	
Title III C-2 Meals FFY 16 - NSIP	93.053	ST 6505-005	9,226	
Title III C-2 Meals FFY 15	93.045	AAA-3-24-005	12,760	
Title III C-2 Meals FFY 15 - NSIP	93.053	ST 6505-005	5,330	
Title III C-1 Meals FFY 16	93.045	AAA-3-24-005	59,432	
Title III C-1 Meals FFY 16 - NSIP	93.053	ST 6505-005	16,401	
Title III C-1 Meals FFY 15	93.045	AAA-3-24-005	14,377	
Title III C-1 Meals FFY 15 - NSIP	93.053	ST 6505-005	9,476	
Title III B Support FFY 16	93.044	AAA-3-24-005	29,099	
Title III B Support FFY 15	93.044	AAA-3-24-005	8,355	
OMBUDSMAN FFY16	93.044	AAA-3-24-005	1,509	
OMBUDSMAN FFY15	93.044	AAA-3-24-005	3,170	
Title III G Ombudsman FFY 16	93.044	AAA-3-24-005	432	
Title III G Ombudsman FFY 15	93.044	AAA-3-24-005	894	
Passed Through Maryland Department of Aging				
Maryland Access Point	93.778	6904	50,587	
Medicare Improvements for Patients & Providers Act (MIPPA)	93.071	ST-6517-005	986	
Medicare Improvements for Patients & Providers Act (MIPPA)	93.071	ST-2517-005	6,099	
State Health Insurance Program	93.324	90SA0036-002-00	12,116	
State Health Insurance Program	93.324	90SA0036-002-00	770	
Senior Medicare Patrol	93.048	6516	1,142	
Senior Medicare Patrol	93.048	6534	1,300	
Passed Through Maryland Department of Human Resources				
Sheriff - Child Support Enforcement FFY 15	93.563	CSEA/CRA-15-038	80,548	
Sheriff - Child Support Enforcement FFY 16	93.563	CSEA/CRA-16-038	254,799	
State's Attorney - Non Support Grant FFY 16	93.563	CSEA/CRA-16-007	207,195	
State's Attorney - Non Support Grant FFY 15	93.563	CSEA/CRA-15-007	67,525	
Domestic Master - Child Support FFY 15	93.563	CSEA/CRA-15-036	22,863	
Domestic Master - Child Support FFY 16	93.563	CSEA/CRA-16-036	62,880	
<b>Total Department of Health &amp; Human Services</b>			<u>987,930</u>	
<b>Institute of Museum and Library Services</b>				
Passed Through State Library				
2015 ARSL Conference Grant	45.310	LS-00-15-0021-15	6,138	
Library Staff Development	45.310	LS-00-15-0021-15	13,561	
Library Staff Development	45.310	155451	6,591	
<b>Total Institute of Museum and Library Services</b>			<u>26,290</u>	

The accompanying notes are an integral part of this schedule.

**CALVERT COUNTY, MARYLAND**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016**

<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>Subrecipients</u>
<b>Department of Transportation</b>				
Passed Through Maryland Department of Transportation				
Rideshare Assistance	20.507	MD-95-CM16	\$ 9,385	
Rural Public Transportation Operation	20.507	CA065307O2016/CA065311O2016	243,703	
Capital Equipment FY13-16	20.507	CA065307C2016/CA065311C2016	126,875	
Passed Through Maryland Highway Safety Office				
CCSO Highway Safety Grant FFY15	20.600	14-007	10,994	
CCSO Highway Safety Grant FFY15	20.607	14-007	13,384	
CCSO Highway Safety Grant FFY16	20.600	15-062	12,842	
CCSO Highway Safety Grant FFY16	20.607	15-062	18,120	
Senior Highway Safety	20.600	GN 2016-096	730	
<b>Total Department of Transportation</b>			<u>436,033</u>	
<b>Department of Commerce</b>				
Passed Through Maryland Department of Natural Resources				
CoastSmart communities Initiative Grant	11.419	14-15-1977-CZM-125	21,379	
CoastSmart communities Initiative Grant	11.419	14-16-2106-CZM-165	23,570	
<b>Total Department of Commerce</b>			<u>44,949</u>	
<b>Department of Housing and Urban Development</b>				
Passed Through Maryland Department of Housing and Community Development				
Emergency Solutions Grant	14.231	16 ESG-03-2015	20,158	\$ 20,158
Emergency Solutions Grant	14.231	15ESG-03-2014	44,406	44,406
Community Development Block Grant	14.218	MD-15-CD-3	131,004	
<b>Total Department of Housing and Urban Development</b>			<u>195,568</u>	
<b>Department of Justice</b>				
Direct Programs:				
HIDTA	95.001	I-2015CAL	3,750	
Justice Assistance Grant FFY 14	16.738	2014-DJ-BX-0798	539	
SMART FY2014 Program - SORNA Compliance	16.750	2014-A W-BX-0057-04	2,705	
COPS Technology Grant - Public Safety	16.710	2010CKWX0028	7,528	
Passed Through Governor's Office of Crime Control & Prevention				
Bullet Proof Vests Grant FFY15	16.607	OMB 1121-0235	7,840	
Bullet Proof Vests Grant FFY14	16.607	OMB 1121-0235	4,780	
VAWA	16.588	VAWA-2014-1301	11,690	
VAWA	16.588	VAWA-2015-1401	34,944	
<b>Total Department of Justice</b>			<u>73,776</u>	
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,055,050</u>	<u>\$ 64,564</u>

The accompanying notes are an integral part of this schedule.

# CALVERT COUNTY, MARYLAND

## Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2016

### 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 Administration Requirement, 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 2016 cash or non-cash expenditure activities. For our single audit testing, we tested Federal award programs below with 2016 cash and non-cash expenditures to ensure coverage of at least 20% of Federally granted funds. Our actual coverage was 21%.

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 Programs</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Federal Transit Formula Grants (Urbanized Area Formula Program)	20.507	\$ 379,963
CoastSmart communities Initiative Grant	11.419	44,949
		<u>\$ 424,912</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, 2016. 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**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016**

**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?	No
Audit findings disclosed that are required to be reported in accordance with section 200.516 of Uniform Guidance?	No

**CALVERT COUNTY, MARYLAND**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016**

**Identification of Major Programs:**

<u>Major Programs</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Federal Transit Formula Grants (Urbanized Area Formula Program)	20.507	\$ 379,963
CoastSmart communities Initiative Grant	11.419	44,949
		<u>\$ 424,912</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**

None noted.

**CALVERT COUNTY, MARYLAND**

**Schedule of Prior Year Audit Findings and Questioned Costs  
For the Year Ended June 30, 2016**

**Reference Number: 2015-001**

**CFDA Number: 97.039 Calvert Cliffs Acquisition / Demolition Project**

**Type of Finding: Compliance Significant Deficiency  
Compliance Requirement(s): Reporting**

***Condition:***

The County reports expenditures on the accrual basis of accounting for both financial reporting on the financial statements and on the schedule of expenditures of federal awards. The County did not report expenditures for the Calvert Cliffs Acquisition and Demolition Project on the accrual basis of accounting. They reported approximately \$32,000 in expenditures on the financial statements and reported approximately \$600,000 in the schedule of Federal awards.

***Criteria:***

OMB Circular A-133 requires that recipients' financial management systems provide for the following:

- (1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Section \_\_\_\_.52.
- (2) Records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.

***Cause:***

The County did not reconcile the accrual based expenditures from the general ledger to the schedule of Federal awards.

***Effect:***

The schedule of expenditures of Federal awards was not accurate.

***Questioned Costs:***

None.

***Recommendation:***

We recommend the County strengthen its internal controls over financial reporting to ensure all grant expenditures reported on the schedule of expenditures of Federal awards are reviewed and reconciled to the general ledger.



**CALVERT COUNTY, MARYLAND**

**Schedule of Prior Year Audit Findings and Questioned Costs  
For the Year Ended June 30, 2016**

**Reference Number: 2015-001** (continued)

***Auditee Response and Corrective Action Plan:***

The Calvert County Acquisition and Demolition 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. It exposed a weakness in our process that is related to the multi-year reporting. 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 not to submit any revised reports because the reporting for the total project/grant was correct.

***2016 Update:***

Finding was resolved.