

FREDERICK COUNTY, MARYLAND

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

For the Year Ended June 30, 2018



SB & COMPANY, LLC
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JUNE 30, 2018

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

County Executive, Jan H. Gardner
Members of the County Council
Frederick County, 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 Frederick County, Maryland (the County), as of and for the year ended June 30, 2018, 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 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, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general and agricultural preservation funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 4I to the financial statements, during the year ended June 30, 2018, the County adopted new accounting guidance from Governmental Accounting Standards Board (GASB), Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios and schedule of employer contributions for the Frederick County Employees Retirement Plan, the schedule of changes in net pension liability and related ratios and schedule of employer contributions for the Frederick County Length of Service Awards Program, schedule of changes in net OPEB liability and related ratios, and schedule of employer contribution for the Frederick County Retiree Health Benefit 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.



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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 accompanying introductory, combining and individual fund statements, budgetary comparison schedules, capital assets used in the operation of governmental funds and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund statements, budgetary comparison schedules and capital assets used in the operation of governmental funds 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 fund statements, budgetary comparison schedules and capital assets used in the operation of governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 November 15, 2018 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 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
November 15, 2018

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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 Executive, Jan H. Gardner
Members of the County Council
Frederick County, 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 Frederick County, Maryland (the County) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 15, 2018.

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 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 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.



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Compliance and Other Matters

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

Hunt Valley, Maryland
November 15, 2018

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

County Executive, Jan H. Gardner
Members of the County Council
Frederick County, Maryland

Report on Compliance for Each Major Federal Program

We have audited Frederick County, Maryland's (the County's) compliance 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, 2018. The County's major Federal programs are identified in the Summary of Independent Public Accountant's 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 each of 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 compliance audit 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 (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 of 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, 2018.

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 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 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, 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.

Hunt Valley, Maryland
January 16, 2019

SB & Company, LLC

FREDERICK COUNTY, MARYLAND

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Cluster Total</u>	<u>Amounts Provided to Subrecipients</u>
U.S. Department of Agriculture					
Pass-through National Fish and Wildlife Foundation:					
National Fish and Wildlife Foundation	10.683	13-CA-11132422-120	\$ 19,164		
U.S. Department of Housing and Urban Development					
Pass-through Maryland Department of Housing and Community Development:					
Community Development Block Grant Program	14.228	MD-17-CD-25	150,000		
Community Development Block Grant Program	14.228	MD-18-CD-25	45,000		
Community Development Block Grant Program	14.228	MD-18-CD-2	170,000		
Emergency Shelter Grant Program	14.231	Unknown	49,851		\$ 49,851
Section 8 Project-Based Cluster					
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	Unknown	138,357		
Total Section 8 Project-Based Cluster				\$ 138,357	
Housing Voucher Cluster:					
Section 8 Housing Choice Voucher	14.871	Unknown	6,917,129		
Total Housing Voucher Cluster				6,917,129	
Total U.S. Department of Housing and Urban Development			<u>7,470,337</u>		
U.S. Department of Interior					
Payments in Lieu of Taxes	15.226	Unknown	25,871		
Battlefield Land Acquisition Grants	15.928	P17AP00106	185,114		185,114
Battlefield Land Acquisition Grants	15.928	P17AP00332	123,946		123,946
Total U.S. Department of Interior			<u>334,931</u>		
U.S. Department of Justice					
State Criminal Alien Assistance Program	16.606	2016-AP-BX-0070	19,695		
State Criminal Alien Assistance Program	16.606	2015-AP-BX-0645	159		
State Criminal Alien Assistance Program	16.606	2014-AP-BX-0834	1,600		
Equitable Sharing Program	16.922	Unknown	22,821		
Pass-through Governor's Office of Crime Control and Prevention					
Crime Victim Assistance	16.575	VOCA-2015-0027	134,748		
Crime Victim Assistance	16.575	VOCA-2015-0016	53,024		
Crime Victim Assistance	16.575	VOCA-2015-0069	16,606		
Crime Victim Assistance	16.575	VOCA-2016-0018	85,563		
Violence Against Women	16.588	VAWA-2016-0059	13,520		
Edward Byrne Memorial Justice Assistance Grant	16.738	BJAG-2013-0055	10,061		
Total U.S. Department of Justice			<u>357,797</u>		

FREDERICK COUNTY, MARYLAND

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Cluster Total</u>	<u>Amounts Provided to Subrecipients</u>
U.S. Department of Labor					
Pass-through Maryland Department of Labor, Licensing and Regulation					
Employment Service Cluster:					
Employment Service/Wagner-Peyser Funded Activities	17.207	Unknown	\$ 9,404		
Disabled Veterans' Outreach Program	17.801	Unknown	2,085		
Total Employment Service Cluster:				\$ 11,489	
Unemployment Insurance	17.225	Unknown	2,540		
Trade Adjustment Assistance	17.245	Unknown	1,204		
WIA Cluster:					
WIOA Adult Program	17.258	Unknown	737		
WIOA Adult Program	17.258	POOP84-FR-Branding	745		
WIOA Adult Program	17.258	POOP74-FR-FY17-A	124,092		
WIOA Adult Program	17.258	POOP84-FR-FY18-A	179,254		
WIOA Adult Program	17.258	POOP84-FR-PY17-A	40,369		
WIOA Youth Activities	17.259	Unknown	991		
WIOA Youth Activities	17.259	POOP74-FR-PY16-Y	121,557		
WIOA Youth Activities	17.259	POOP84-FR-PY17-D	312,404		
WIOA Youth Activities	17.259	POOP84-FR-Branding	797		
WIOA Dislocated Workers	17.278	Unknown	813		
WIOA Dislocated Workers	17.278	POOP74-FR-PY17-D	438,793		
WIOA Dislocated Workers	17.278	POOP84-FR-PY18-D	28,824		
WIOA Dislocated Workers	17.278	POOP84-FR-FY18-D	130,987		
WIOA Dislocated Workers	17.278	POOP74-FR-FY16-D	4,385		
WIOA Dislocated Workers	17.278	POOP74-FR-FY17-D	79,071		
WIOA Dislocated Workers	17.278	AA-26784-15-55-A-24	80,000		
WIOA Dislocated Workers	17.278	POOP84-FR-Branding	1,028		
Total WIA Cluster				1,544,847	
WIOA Dislocated Workers National reserve Technical Assistance and Training	17.281	POOP84-FR-IMPLEMENTATION	5,000		
Temporary Labor Certification for Foreign Workers	17.273	Unknown	1,204		
Total U.S. Department of Labor			<u>1,566,284</u>		
U.S. Department of Transportation					
Pass-through Maryland Department of Transportation					
Highway Research and Development Program	20.200	Unknown	346,432		
Highway Planning and Construction Cluster:					
Highway Planning and Construction- Bridge Projects	20.205	FR629ZM1	488,627		
Highway Planning and Construction- Bridge Projects	20.205	FR5000ZM1	51,778		
Highway Planning and Construction- Bridge Projects	20.205	FR140ZM1	8,348		
Highway Planning and Construction- Bridge Projects	20.205	FR170M81	835,363		
Highway Planning and Construction- Bridge Projects	20.205	FR155B21	550,309		
Total Highway Planning and Construction Cluster				1,934,425	

FREDERICK COUNTY, MARYLAND

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Cluster Total</u>	<u>Amounts Provided to Subrecipients</u>
U.S. Department of Transportation (continued)					
Pass-through Maryland Department of Transportation (continued)					
Federal Transit Cluster:					
Federal Transit - Formula Grants - Mass Transit/Capital Outlay	20.507	ZC0207	\$ 125,178		
Federal Transit - Formula Grants - Mass Transit/Capital Outlay	20.507	FR085307C2018	679,475		
Federal Transit - Formula Grants - Mass Transit/Capital Outlay	20.507	FR085307C2017	1,103,885		
Federal Transit - Formula Grants - Mass Transit/Capital Outlay	20.507	FR08530702018	2,023,862		
Total Federal Transit Cluster				\$ 3,932,400	
Formula Grants for Rural Areas - Rural Public Transportation	20.509	FR085311C2017	23,537		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.509	FR08531102018	204,528		
Interagency Hazardous Materials Public Sector Training & Planning	20.703	HM-HMP-0546-16-01-00	11,900		
Total U.S. Department of Transportation			<u>6,453,222</u>		
U.S. Department of the Treasury					
Equitable Sharing Program	21.016	Unknown	2,002		
National Endowment for the Humanities					
Pass-through Maryland State Department of Education					
State Library Program	45.310	171604	15,000		
State Library Program	45.310	181547	15,901		
State Library Program	45.310	171439	10,871		
Total National Endowment for Humanities			<u>41,772</u>		
U.S. Department of Education					
Pass-through Maryland Department of Education					
Adult Education - Grants to States	84.002	Unknown	1,386		
Special Education Cluster:					
Special Education - Grants to States - Individuals Disabilities Education Act (IDEA part B)	84.027	180351	48,409		
Special Education - Grants to States - Individuals Disabilities Education Act (IDEA part B)	84.027	180346	111,296		
Special Education - Grants to States - Individuals Disabilities Education Act (IDEA part B 619)	84.173	H173A160089	9,068		
Special Education - Grants to States - Individuals Disabilities Education Act (IDEA part B 619)	84.173	H173A170089	7,000		
Total Special Education Cluster				175,773	
Rehabilitation Services - DORS Year Round	84.126	SG180019 SG181500	61,356		
Rehabilitation Services - DORS Year Round	84.126	SG1800319 SG181500	41,226		
Rehabilitation Services - DORS Year Round	84.126	Unknown	1,665		
Special Education - Grants for Infants and Families with Disabilities - Individuals Disabilities Education Act (IDEA part C)	84.181	H181A150124	1,955		
Special Education - Grants for Infants and Families with Disabilities - Individuals Disabilities Education Act (IDEA part C)	84.181	H181A160124	631		
Special Education - Grants for Infants and Families with Disabilities - Individuals Disabilities Education Act (IDEA part C)	84.181	180351	243,474		
Total U.S. Department of Education			<u>527,466</u>		

FREDERICK COUNTY, MARYLAND

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Cluster Total</u>	<u>Amounts Provided to Subrecipients</u>
U.S. Department of Health and Human Services					
Pass-through Maryland Office of Aging					
Special Programs for the Aging - Title VII, Chapter 3 - Prevention of Elder Abuse, Neglect, and Exploitation	93.041	18AAMDT7EA	\$ 1,708		
Special Programs for the Aging - Title VII, Chapter 3 - Prevention of Elder Abuse, Neglect, and Exploitation	93.041	650917-09	1,265		
Special Programs for the Aging - Title VII, Chapter 2 - Ombudsman Services for Older Individuals	93.042	18AAMDT7OM	6,421		
Special Programs for the Aging - Title VII, Chapter 2 - Ombudsman Services for Older Individuals	93.042	650717/09	4,428		
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	18AMDT3PH	1,799		
Aging Cluster:					
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	18AAMDT73SS	213,453		
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	650117-09	53,429		
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	18AAMDT73CM	139,000		
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	18AAMDT73HD	77,592		
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	650317-09	12,577		
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	650217-09	43,000		
Nutrition Services Incentive Program	93.053	18AAMDNSIP	46,878		
Nutrition Services Incentive Program	93.053	650517/09	27,398		
Total Aging Cluster				\$ 613,327	
Special Programs for the Aging - Title IV and Title II - Discretionary					
Projects	93.048	90MPO227-03-02	4,348		
National Family Caregiver Support - Title III, Part E	93.052	18AAMDT3FC	55,800		
National Family Caregiver Support - Title III, Part E	93.052	6502017-09	23,630		
Medicare Enrollment Assistance Program- MIPPA	93.071	65317/09, 653817/09, 65917/09	86		
Medicare Enrollment Assistance Program- MIPPA	93.071	1701MDMISH-01	767		
Medicare Enrollment Assistance Program- MIPPA	93.071	1701MMIAA-01	424		
Medicare Enrollment Assistance Program- MIPPA	93.071	1701MDMIDR-01	504		
State Health Insurance Assistance Program	93.324	651518/09	11,626		
Medicaid Cluster:					
Balancing Incentives Program	93.778	Unknown	1,711		
Total Medicaid Cluster					1,711

FREDERICK COUNTY, MARYLAND

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Cluster Total</u>	<u>Amounts Provided to Subrecipients</u>
U.S. Department of Health and Human Services (continued)					
Pass-through Maryland Department of Human Resources					
Promoting Safe and Stable Families	93.556	G1501MDFRPG	\$ 170,000		
TANF Cluster:					
Temporary Assistance for Needy Families (TANF)	93.558	FCDSS/FIA 18-002	25,000		
Temporary Assistance for Needy Families (TANF)	93.558	FCDSS/FIA 18-003	9,268		
Temporary Assistance for Needy Families (TANF)	93.558	Unknown	828		
Total TANF Cluster				\$ 35,096	
Child Support Enforcement	93.563	Unknown	684,153		
Child Support Enforcement	93.563	CSEA-17-014	222,020		
Child Support Enforcement	93.563	CSEA-18-047	11,947		
Child Support Enforcement	93.563	CSEA-17-047	4,878		
Pass-through Maryland Family Network					
Community-Based Child Abuse Prevention Grant- Family Support Center	93.590	G1501MDFRPG	30,000		
Pass-through Maryland Institute for Emergency Medical Services Systems					
Hospital Preparedness Program Ebola Preparedness and Response Activities	93.817	EMSHCID-001	93,236		
Total U.S. Department of Health and Human Services			<u>1,979,174</u>		
Corporation for National and Community Service					
Pass-through Maryland Department of Labor, Licensing and Regulation					
Retired and Senior Volunteer Program	94.002	Unknown	1,586		
Total Corporation for National and Community Service			<u>1,586</u>		
U.S. Department of Homeland Security					
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2015-FH-00591	2,934,474		
Pass-through Maryland Emergency Management Agency					
Disaster Grants-Public Assistance	97.036	Unknown	542,402		
Hazard Mitigation Grant Program (HMGP)	97.039	BT X11-002	45,810		
Emergency Management Performance	97.042	EMW-2016-EP-00008-S01	127,272		
Homeland Security Grant Program	97.067	SHSGP-2016-03	35,000		
Homeland Security Grant Program	97.067	EMW-2015-SS-00077-S01	47,638	\$	1,002
Homeland Security Grant Program	97.067	EMW-2017-SS-00019	44,291		17,364
Homeland Security Grant Program	97.067	16-SR-8847-02	114,048		55,946
Total U.S. Department of Homeland Security			<u>3,890,935</u>		
Total Expenditures of Federal Awards			<u><u>\$ 22,644,670</u></u>		<u><u>\$ 433,223</u></u>

FREDERICK COUNTY, MARYLAND

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of Frederick 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 (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. The programs on the Schedule of expenditures of Federal awards represent all Federal award programs with fiscal year 2018, cash or non-cash expenditure activities. For single audit testing, we tested to ensure coverage of at least 20% of federally granted funds. Actual coverage was 48%. The major programs tested are listed below.

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>CFDA Numbers</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development		
Housing Voucher Cluster	14.871	\$ 6,917,129
U.S. Department of Transportation		
Federal Transit Cluster	20.507	<u>3,932,400</u>
Total Major Programs		<u><u>\$ 10,849,529</u></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, 2018. The information in the 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.

FREDERICK COUNTY, MARYLAND

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

Section I - Summary of Independent Public Accountant's Results

Financial Statements

Type of Independent Public Accountant's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Type of Independent Public Accountant's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiencies?	None reported
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance?	No

Identification of Major Programs:

Major Programs	CFDA Numbers	Federal Expenditures
U.S. Department of Housing and Urban Development		
Housing Voucher Cluster	14.871	\$ 6,917,129
U.S. Department of Transportation		
Federal Transit Cluster	20.507	<u>3,932,400</u>
Total Major Programs		<u><u>\$ 10,849,529</u></u>

Threshold for distinguishing between Type A and B programs	\$750,000
Did the County qualify as a low risk auditee?	Yes

FREDERICK COUNTY, MARYLAND

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings

None noted.

FREDERICK COUNTY, MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2018**

There were no prior year findings in the June 30, 2017 single audit report.