

COMMISSIONERS OF ST. MARY'S COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
WITH
REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

YEAR ENDED JUNE 30, 2018



Murphy & Murphy, CPA, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Commissioners of St. Mary's County

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commissioners of St. Mary's County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commissioners of St. Mary's County's basic financial statements, and have issued our report thereon dated December 31, 2018. Our report includes a reference to other auditors who audited the financial statements of the St. Mary's County Public Schools, as described in our report on the Commissioners of St. Mary's County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commissioners of St. Mary's 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 Commissioners of St. Mary's County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commissioners of St. Mary's 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commissioners of St. Mary's 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.

Murphy & Murphy, CPA, LLC

La Plata, Maryland
February 11, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Commissioners of St. Mary's County

Report on Compliance for Each Major Federal Program

We have audited the Commissioners of St. Mary's County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Commissioners of St. Mary's County's major federal programs for the year ended June 30, 2018. The Commissioners of St. Mary's County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Commissioners of St. Mary's County's basic financial statements include the operation of the St. Mary's County Public Schools, which received \$18,266,091 in federal awards, which is not included in the schedule during the year ended June 30, 2018. Our audit, described below, did not include the operations of the St. Mary's County Public Schools, because that component unit engaged other auditors to perform an audit in accordance with OMB Compliance Supplement.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Commissioners of St. Mary's 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 the audit requirements of

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commissioners of St. Mary's 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 Commissioners of St. Mary's County's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commissioners of St. Mary's 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 Commissioners of St. Mary's 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 audit of compliance, we considered the Commissioners of St. Mary's County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commissioners of St. Mary's 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commissioners of St. Mary's County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commissioners of St. Mary's County's basic financial statements. We issued our report thereon dated December 31, 2018, 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.

Murphy & Murphy, CPA, LLC

La Plata, Maryland
February 11, 2019

County Commissioners of St. Mary's County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grant Number/ Pass-through Grantors Identifying Number</u>	<u>Pass-through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Transportation:				
Federal Aviation Administration:				
Pass-through programs from the Maryland Department of Transportation:				
Airport Improvement Program	20.106	3-24-0022-017-2012	\$ -	\$ 34,572
	20.106	3-24-0022-020-2014	-	140,740
	20.106	3-24-0022-021-2015	-	42,924
	20.106	3-24-0022-022-2016	-	252,682
	20.106	3-24-0022-023-2016	-	197,778
	20.106	3-24-0022-024-2017	-	77,085
Federal Transit Administration:				
Pass-through programs from the Maryland Department of Transportation, Maryland Transit Administration:				
Federal Transit Formula Grants	20.507	SM215307C2017	-	4,189
	20.507	SM215307C2014	-	305,988
	20.507	SM215307C2018	-	71,897
	20.507	SM215311C2018	-	49,962
	20.507	SM215339C2018	-	187,733
	20.507	SM215307O2018	-	441,026
	20.507	SM215311C2017	-	2,911
	20.507	SM215311C2013	-	183,593
Formula Grants for Rural Areas	20.509	SM215311O2018	-	311,803
National Highway Traffic Safety Administration:				
Pass-through programs from the Maryland State Highway Administration:				
State and Community Highway Safety	20.600	17-072	-	2,910
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	LE- St Marys Co Sheriff 2018	-	16,333
	20.608	LE-St Mary-2017	-	4,781
National Priority Safety Programs	20.616	GN-SMC Circ-2018-001	-	21,990
Total Department of Transportation			<u>-</u>	<u>2,350,897</u>

See accompanying notes.

County Commissioners of St. Mary's County
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grant Number/ Pass-through Grantors Identifying Number</u>	<u>Pass-through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Homeland Security:				
Federal Emergency Management Agency				
Pass-through programs from the Maryland Emergency Management Agency:				
Emergency Management Performance Grants	97.042	EMW-2016-EP-00008-S01	\$ -	\$ 91,627
Pre-Disaster Mitigation	97.047	PDMC-PL-03-MD-2015-0005	-	3,250
Homeland Security Grant Program	97.067	EMW-2017-SS-00019	-	46,177
	97.067	EMW-2016-SR-8856-02	-	7,198
Total Department of Homeland Security			<u>-</u>	<u>148,252</u>
Department of Health and Human Services:				
Administration for Community Living:				
Pass-through programs from the Maryland Department of Health and Human Services:				
Special Programs for the Aging, Title VII Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	17AAMDT7EA	-	328
Special Programs for the Aging, Title VII Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	17AAMDT7OM	-	1,860
	93.042	18AAMDT7OM	-	4,864
Special Programs for the Aging, Title III Part D, Disease Prevention and Health Promotion Services	93.043	17AAMDT3PH	-	4,008
	93.043	18AAMDT3PH	-	4,084
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	18AAMDT3SS	-	56,265
	93.044	17AAMDT3SS	-	10,891
Special Programs for the Aging, Title III, Part C Nutrition Services	93.045	18AAMDT3HD	-	30,581
	93.045	18AAMDT3CM	-	75,109
	93.045	17AAMDT3CM	-	12,428
	93.045	17AAMDT3HD	-	11,886

See accompanying notes.

County Commissioners of St. Mary's County
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grant Number/ Pass-through Grantors Identifying Number</u>	<u>Pass-through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Health and Human Services (Continued):				
Administration for Community Living:				
Pass-through programs from the Maryland Department of Health and Human Services:				
Special Programs for the Aging, Title IV and Title II Discretionary Projects	93.048	90MP0227-01-00	\$ -	\$ 2,023
	93.048	65342019/17	-	346
National Family Caregiver Support, Title III, Part E	93.052	AAA-3-24-017	-	45
	93.052	18AAMDT3FC	-	28,413
Nutrition Services Incentive Program	93.053	18AAMDNSIP	-	18,094
	93.053	17AAMDNSIP	-	35,392
Medicare Enrollment Assistance Program	93.071	14AAMDMSHI	-	731
	93.071	14AAMDMAAA	-	1,333
	93.071	14AAMDMAADR	-	1,073
	93.071	1701MDMISH-01	-	2,160
State Health Insurance Assistance Program	93.324	ST651519/17	-	2,524
	93.324	6515	-	11,551
Administration for Children and Families:				
Pass-through programs from the Maryland Department of Human Resources:				
Child Support Enforcement	93.563	CSEA/CRA-17-021	-	101,413
	93.563	CSEA/CRA-17-022	-	57,926
	93.563	CSEA/CRA-17-040	-	1,686
	93.563	CSEA/CRA-18-021	-	286,164
	93.563	CSEA/CRA-18-022	-	185,831
	93.563	CSEA/CRA-18-040	-	4,590
Centers for Medicare and Medicaid Services (CMS):				
Medical Assistance Program	93.778		-	48,094
	93.778		-	113,188
Total Department of Health and Human Services			<u>-</u>	<u>1,114,881</u>

See accompanying notes.

County Commissioners of St. Mary's County
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grant Number/ Pass-through Grantors Identifying Number</u>	<u>Pass-through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Defense:				
Department of the Navy, Office of the Chief of Naval Research: Basic and Applied Scientific Research	12.300		\$ 769,915	\$ 769,915
Total Department of Defense			769,915	769,915
Department of Housing and Urban Development:				
Office of Community Planning and Development: Pass-through programs from the Maryland Department of Housing and Community Development: Emergency Solutions Grant Program	14.231		49,419	49,419
	14.231		41,020	41,020
Community Development Block Grants/ Special Purpose Grants/ Insular Areas	14.225	MD-18-CD-1	33,507	33,507
Total Department of Housing and Urban Development			123,946	123,946
Department of the Interior:				
Fish and Wildlife Service: Historic Preservation Fund Grants Aid- In	15.904			1,772
Coastal Wetlands Planning, Protection and Restoration	15.614		-	44,230
Total Department of the Interior			-	46,002
Corporation for National and Community Service:				
Retired and Senior Volunteer Program	94.002	16SRAMD002	-	21,304
Total Corporation for National and Community Service			-	21,304
Department of Justice:				
Bureau of Justice Assistance: Bulletproof Vest Partnership Program	16.607		-	83
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0961	-	18,783
	16.738	BJAG-2014-0060	-	19,980
Total Department of Justice			-	38,846
 Total Expenditures of Federal Awards			 \$ 893,861	 \$ 4,614,043

See accompanying notes.

Commissioners of St. Mary's County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

1. Basis of presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes all of the federal award activity of the Commissioners of St. Mary's County under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of 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 Commissioners of St. Mary's County, it is not intended to and does not present the financial position, change in net position, or cash flows of the Commissioners of St. Mary's County.

2. Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Various reimbursement procedures are used for federal awards received by the County. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the fiscal year. Accrued balances at year-end represent an excess of reimbursable expenditures over cash receipts to date. Unearned balances at year-end represent an excess of cash receipts over reimbursable expenditures to date. Generally, accrued or unearned balances caused by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period or subsequent fiscal year.

3. Indirect costs

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

Commissioners of St. Mary's County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2018

Summary of auditor's results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Commissioners of St. Mary's County.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Commissioners of St. Mary's County were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Commissioners of St. Mary's County expresses an unmodified opinion.
6. There are no significant deficiencies related to the major federal award programs for the Commissioners of St. Mary's County that are required to be reported in accordance with the Uniform Guidance.
7. The program tested as a major program is:

Department of Defense	<u>CFDA #</u>
Department of the Navy:	
Basic and Applied Scientific Research	12.300
Department of Transportation	
Federal Transit Administration:	
Pass-through programs from the Maryland Department of Transportation, Maryland Transit Administration:	
Federal Transit Formula Grants	20.507
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Commissioners of St. Mary's County qualified as a low-risk auditee.

Commissioners of St. Mary's County
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

Financial statement findings

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Commissioners of St. Mary's County
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2017

Financial statement findings

There were no matters reported in the prior year.