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**COUNTY COMMISSIONERS OF  
CALVERT COUNTY, MARYLAND**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
WITH  
INDEPENDENT AUDITOR'S  
REPORTS IN ACCORDANCE WITH OMB CIRCULAR A-133**

**YEAR ENDED JUNE 30, 2014**

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Murphy & Murphy, CPA, LLC

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

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**Murphy & Murphy, CPA, LLC**  
**Certified Public Accountants**

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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 County Commissioners of Calvert County, Maryland  
Prince Frederick, Maryland

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 County Commissioners of Calvert County, Maryland, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County Commissioners of Calvert County, Maryland's basic financial statements, and have issued our report thereon dated December 19, 2014. Our report includes a reference to other auditors who audited the financial statements of the Calvert County Board of Education, as described in our report on the County Commissioners of Calvert County, Maryland'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 County Commissioners of Calvert County, Maryland'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 Commissioners of Calvert County, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of the County Commissioners of Calvert County, Maryland'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 County Commissioners of Calvert County, Maryland'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*

Clinton, Maryland  
December 19, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED  
BY OMB CIRCULAR A-133**

To the County Commissioners of Calvert County, Maryland  
Prince Frederick, Maryland

**Report on Compliance for Each Major Federal Program**

We have audited the County Commissioners of Calvert County, Maryland's, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County Commissioners of Calvert County, Maryland's, major federal programs for the year ended June 30, 2014. The County Commissioners of Calvert County, Maryland's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County Commissioners of Calvert County, Maryland's basic financial statements include the operations of the Board of Education of Calvert County, which received \$9,206,657 in federal awards which is not included in the schedule during the year ended June 30, 2014. Our audit, described below, did not include the operations of the Board of Education of Calvert County because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

***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 Commissioners of Calvert County, Maryland'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Commissioners of Calvert County, Maryland'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 Commissioners of Calvert County, Maryland's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the County Commissioners of Calvert County, Maryland 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, 2014.

### **Report on Internal Control Over Compliance**

Management of the County Commissioners of Calvert County, Maryland, 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 County Commissioners of Calvert County, Maryland'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 OMB Circular A-133, 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 County Commissioners of Calvert County, Maryland'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County Commissioners of Calvert County, Maryland's basic financial statements. We issued our report thereon dated December 19, 2014, 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 County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, 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*

Clinton, Maryland  
December 19, 2014

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

<u>Grant Title</u>	<u>CFDA</u>	<u>Period</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Grant Expenditures</u>
<b><u>Department of Commerce</u></b>					
Critical Area Grant	11.419	FYE 14	P4400056	\$ 10,000	\$ 10,000
<b>Total Department of Commerce</b>					<b>10,000</b>
<b><u>Department of Education</u></b>					
Early Education Challenge Grant	84.412A	FYE 14		26,984	-
<b>Total Department of Education</b>					<b>-</b>
<b><u>Department of Health &amp; Human Services</u></b>					
Early Education Challenge Grant - Head Start (ARRA)	93.208	FYE 13	135103	3,000	1,500
Senior Health Insurance	93.779	FYE 13	ST-2515-005	10,920	10,920
Senior Health Insurance	93.779	FYE 14	ST-2515-005	731	731
Title III E Family Caregivers FFY 13	93.052	FYE 13	AAA-3-24-005	10,451	10,451
Title III E Family Caregivers FFY 14	93.052	FYE 14	AAA-3-24-005	16,500	16,500
Title III D Preventive Health & Medicated Mgmt FFY 13	93.043	FYE 13	AAA-3-24-005	464	464
Title III D Preventive Health & Medicated Mgmt FFY 14	93.043	FYE 14	AAA-3-24-005	9,000	9,000
Title III C-2 Meals FFY 14	93.045	FYE 14	AAA-3-24-005	35,598	35,598
Title III C-2 Meals FFY 13	93.045	FYE 13	AAA-3-24-005	14,635	14,635
Title III C-1 Meals FFY 14	93.045	FYE 14	AAA-3-24-005	71,928	71,928
Title III C-1 Meals FFY 13	93.045	FYE 13	AAA-3-24-005	24,822	24,822
Title III B Support FFY 14	93.044	FYE 14	AAA-3-24-005	39,240	39,240
Title III B Support FFY 13	93.044	FYE 13	AAA-3-24-005	14,362	14,312
OMBUDSMAN FFY14	93.042	FYE14	AAA-3-24-005	1,667	1,667
Title III G Ombudsman FFY 13	93.042	FYE 13	AAA-3-24-005	2,403	2,403
Medicaid Waiver Grant	93.778	FYE14	ST-2514-005	14,082	14,082
Outpatient Substance Abuse	93.959	FYE 14	AL-005-OPE	178,865	178,865
Sheriff - Child Support Enforcement FFY 13	93.563	FYE 13	CSEA/CR-13-038	96,993	74,792
Sheriff - Child Support Enforcement FFY 14	93.563	FYE 14	CSEA/CR-14-038	300,891	238,844
State's Attorney - Non Support Grant FFY 14	93.563	FYE 14	CSEA/CR-14-007	223,602	19,726
State's Attorney - Non Support Grant FFY 13	93.563	FYE 13	CSEA/CR-13-007	74,534	61,098
Domestic Master - Child Support FFY 13	93.563	FYE 13	CSEA/CRA-13-036	22,123	21,475
Domestic Master - Child Support FFY 14	93.563	FYE 14	CSEA/CRA-14-036	67,409	59,729
<b>Total Department of Health &amp; Human Services</b>					<b>922,782</b>

See accompanying notes.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2014

<u>Grant Title</u>	<u>CFDA</u>	<u>Period</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Grant Expenditures</u>
<b><u>Department of Homeland Security</u></b>					
Emergency Planner FFY11	97.073	FYE 11	EMW-2011-SS-00044-501- \$	34,863 \$	34,863
Emergency Planner FFY12	97.073	FYE 12	EMW-2012-SS-00044-501-	28,808	27,490
Emergency Planner FFY13	97.067	FYE 13	EMW-2013-SS-0002	29,404	-
Homeland Security FFY 10	97.067	FYE 10	2010-SS-TO-0025	12,702	12,702
Homeland Security FFY 11	97.073	FYE 11	EMW-2011-SS-00044-501-	12,529	11,912
Homelane Security FFY 12	97.073	FYE 12	EMW-2012-SS-00044-501-	30,000	30,000
Homeland Security FFY 13	97.067	FYE 13	EMW-2013-SS-0002	29,404	2,801
Port Security Grant FFY11	97.056	FYE 11	11-GA-8839-06	39,896	39,806
Calvert Cliffs Acquisition / Demolition Project	97.039	FYE 12	FEMA DR-1875-MD-0022	3,353,464	2,606,667
Calvert Cliffs Acquisition / Demolition Project	97.039	FYE 12	FEMA DR-1910-MD-0022	510,227	446,523
Establish / Enhance Emergency Operations Center	97.067	FYE 10	2010-EO-X-0039	338,000	338,000
Calvert County Emergency Operations Center Grant Program	97.067	FYE 10	LPDN-PJ-03-MD-0012	125,250	-
<b>Total Department of Homeland Security</b>					<b><u>3,550,764</u></b>
<b><u>Department of Housing and Urban Development</u></b>					
HUD Supportive Housing	14.181	FYE 11	MD015L3B081306	18,617	14,054
Patuxent Habitat for Humanity	14.218	FYE 13	MD-13-CD-22	119,384	119,383
Emergency Solutions Grant	14.231	FYE 11	14ESG05-2013	79,650	59,535
<b>Total Department of Housing and Urban Development</b>					<b><u>192,972</u></b>
<b><u>Department of the Interior</u></b>					
CLG Set Aside	15.904	FYE 14		3,135	3,135
<b>Total Department of the Interior</b>					<b><u>3,135</u></b>
<b><u>Department of Justice</u></b>					
Sex Offender Compliance Grant FFY14	16.203	FYE 14	SOCM-2014-1816	11,964	11,964
Justice Assistance Grant FFY 14	16.738	FYE 14	2013-DJ-BX-0186	14,337	14,337
Domestic Violence	16.590	FYE 13	2013-DV-0003	10,251	1,385
Bullet Proof Vests Grant FFY13	16.607	FYE 13	OMB 1121-0235	12,500	10,195
Byrne Live Scan	16.738	FYE 14	BJAG-2010-0017	24,500	24,500
HIDTA	16.004	FYE 13	I-2013-CALVERT	7,500	7,500
VAWA FY12	16.588	FYE 13	VAWA-2012-0001	4,678	4,678
VAWA FY13	16.588	FYE 13	VAWA-2013-1201	24,316	24,316
COPS Technology Grant - Public Safety	16.710	FYE 11	2010CKWX0028	7,866	7,866
<b>Total Department of Justice</b>					<b><u>106,741</u></b>
<b><u>Department of Transportation</u></b>					
CCSO Highway Safety Grant FFY14	20.600	FYE 14	14-007	35,656	35,622
CCSO Highway Safety Grant FFY13	20.600	FYE 13	13-051	36,841	26,099
Rideshare Assistance	20.509	FYE 13	MD-95-0012	6,984	6,984
Rural Public Transportation Operation	20.509	FYE 13	CA065311O2013	234,400	234,400
Job Access & Reverse Commute	20-516	FYE 14	MD-37-4013	24,422	24,422
5311 Capital - Equipment	20.509	FYE 13	MD-18-0022	6,310	1,680
5311 Capital Equipment FY13-16	20.509	FYE 13	CA065311C2013	302,884	132,959
5311 Capital - Bus	20.509	FYE 13	CA065309C2013	206,414	112,177
<b>Total Department of Transportation</b>					<b><u>574,343</u></b>
<b>Federal Grant Aid</b>				<b><u>\$ 5,360,737</u></b>	

See accompanying notes.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014

1. Scope of audit pursuant to OMB Circular A-133

All federal awards programs operated by the County Commissioners of Calvert County, Maryland are included in the scope of the OMB Circular A-133 audit. The Calvert County Board of Education is omitted from this report but is covered by a separate Single Audit. Compliance testing of all applicable compliance requirements, as described in the Office of Management and Budget's Compliance Supplement for A-133, was performed for all major programs.

The Department of Homeland Security has been designated as the oversight audit agency for the OMB Circular A-133 audit.

2. Fiscal period audited

Single audit testing procedures were performed for program transactions occurring during the fiscal year ended June 30, 2014.

3. Summary of significant accounting policies

Basis of accounting

All Governmental Funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available as net current assets. Grant revenues recorded in Governmental Funds are recognized as revenue in the accounting period during which the expenditure is made.

Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 (CONTINUED)

YEAR ENDED JUNE 30, 2014

3. Summary of significant accounting policies (continued)

Basis of presentation (continued)

the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Accrued and deferred 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. Generally, accrued or deferred balances caused by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period or subsequent fiscal year.

4. Sub-recipients

The County Commissioners of Calvert County, Maryland provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Federal CFDA#</u>	<u>Amount Provided</u>
HUD Supportive Housing	14.181	\$ 14,054
Patuxent Habitat for Humanity	14.218	119,383
Emergency Solutions Grant	14.231	<u>59,535</u>
Total		<u>\$ 192,972</u>

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014

Section I - Summary of Auditor's Results

Financial statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

YEAR ENDED JUNE 30, 2014

Section I - Summary of Auditor's Results (continued)

Identification of major programs:

Department of Homeland Security:	
Calvert Cliffs Acquisition/Demolition	97.039
Calvert Cliffs Acquisition/Demolition	97.039
Establish/Enhance Emergency	
Operations Center (EOC)	97.067
Homeland Security FYE 10 & 13	97.067

Department of Health and Human Services:	
Sheriff - Child Support Enforcement	93.563
State's Attorney – Non Support Grant	93.563
Domestic Master - Child Support	93.563

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

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

Section III - Federal Award Findings and Questioned Costs

None noted in the current year.

COUNTY COMMISSIONERS OF CALVERT COUNTY, MARYLAND  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014

Section III - Federal Award Findings and Questioned Costs

None noted in the prior year.