

CALVERT COUNTY, MARYLAND

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

For the Year Ended June 30, 2023

CALVERT COUNTY, MARYLAND

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

JUNE 30, 2023

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

Opinions

We have audited the accompanying 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, the schedules of changes in the County's net OPEB liability and related ratios, County contributions, and investment returns for the Other Post-Employment Benefits 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 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 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 basic financial statements.

The accompanying combining and individual nonmajor 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual nonmajor funds, other schedules, and the schedule of expenditures of Federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Certified Public
Accountants &
SBC Business Advisors

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2024, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Owings Mills, Maryland
June 26, 2024

SBC + Company, LLC



**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***

To the County Commissioners of Calvert County, Maryland
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 the County Commissioners of Calvert County, Maryland (the County) as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2024.

Report on Internal Controls over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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.

Report on 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*.

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal controls 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 controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland
June 26, 2024



**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**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County Commissioners of Calvert County, Maryland's (the County) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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 program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's Federal programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Owings Mills, Maryland
July 11, 2024



CALVERT COUNTY, MARYLAND

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Award or Pass-Through Entity Identifying Number	Federal Expenditures	Pass-through to Subrecipients
Department of Housing and Urban Development (HUD)				
Passed Through Maryland Department of Housing and Community Development				
COVID -19 - CARES Act Funding Phase 1	14.228	CV-1-2	\$ 5,850	\$ -
COVID -19 - CARES Act Funding Phase 2	14.228	CV-2-5	270,078	-
Maryland Community Development Block Grant End Hunger Warehouse	14.228	B-19-DC-24-0001/MD-20-CD-21	307,729	-
			<u>583,657</u>	<u>-</u>
Department of Interior				
Passed Through Maryland Historical Trust				
CLG Education & Training Grant	15.904	Unknown	2,261	-
Total Department of Interior			<u>2,261</u>	<u>-</u>
Department of Justice				
Direct Programs				
HIDTA	95.001	I-2022CCSO/G22WB0004A	3,750	-
HIDTA	95.001	G23WB0004A	3,750	-
Bulletproof Vest	16.607	OMB 1121-0235	8,900	-
Passed Through Governor's Office of Crime Control & Prevention				
Calvert County Criminal Justice Collaboration	16.738	2020-MU-BX-0009	65,949	-
Total Department of Justice			<u>82,349</u>	<u>-</u>
Department of Transportation				
Passed Through Maryland Department of Transportation				
Calvert/St. Mary's Metropolitan Planning Organization	20.505	MD-80-X009	14,708	-
Calvert/St. Mary's Metropolitan Planning Organization	20.505	MD-80-X009	6,685	-
Transportation ARPA 5311	20.509	CA06ARPA11O2022	250,474	-
5311 Operating Rural Public Transportation CRRSAA	20.509	CA06CRRSAA11O2021	174,620	-
Federal Transit Cluster				
Rideshare Assistance	20.507	CA06CMAQ2023	8,730	-
Rural Public Transportation	20.507	CA065307O2023/CA065311O2023	320,804	-
COVID -19 - CARES Act Transportation Rural Public Transportation	20.507	Unknown	328,921	-
Transportation ARPA 5307	20.507	CA06ARPA07O2022	64,529	-
Capital Equipment	20.507	CA065307C2023/CA065311C2023	32,781	-
Total Federal Transit Cluster			<u>755,765</u>	<u>-</u>
Passed Through Maryland Highway Safety Office				
Highway Safety Cluster				
CCSO Highway Safety Grant FFY22 Speed Enforcement	20.600	LE 22-181	1,953	-
CCSO Highway Safety Grant FFY23 Speed Enforcement	20.600	LE 23-024	6,134	-
CCSO Highway Safety Grant FFY22 Impaired Driving	20.616	LE 22-180	6,560	-
CCSO Highway Safety Grant FFY23 Impaired Driving	20.616	LE 23-025	7,495	-
CCSO Highway Safety Grant FFY23 Distracted Driving	20.600	LE 23-049	3,836	-
Highway Safety Cluster			<u>25,978</u>	<u>-</u>
Total Department of Transportation			<u>1,228,230</u>	<u>-</u>
Department of Treasury				
Passed Through State Department of Health				
COVID -19 - American Rescue Plan Act	21.027	Unknown	5,835,834	-
COVID-19 - Emergency Rental Assistance	21.023	ERA0386	88,100	-
COVID-19 - Emergency Rental Assistance 2	21.023	ERA0073	1,074,618	-
Total Department of Treasury			<u>6,998,552</u>	<u>-</u>
Institute of Museum and Library Services				
Passed Through State Library				
Library Staff Development	45.310	LS-252464-OLS-22/00001425	19,800	-
Total Institute of Museum and Library Services			<u>19,800</u>	<u>-</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, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Award or Pass-Through Entity Identifying Number	Federal Expenditures	Pass-through to Subrecipients
Department of Health & Human Services				
Direct Programs				
Title IIID Preventive Health & Medicated Mgmt FFY22	93.043	2201MDOAPH	\$ 1,183	\$ -
Title IIID Preventive Health & Medicated Mgmt FFY23	93.043	2201MDOAPH	6,433	-
Title IIIE Family Caregivers FFY22	93.052	2201MDOAFC	6,602	-
Title IIIE Family Caregivers FFY23	93.052	2301MDOAFC	24,872	-
Title VII ElderAbuse Prevention FYE22	93.041	2201MDOAEA	437	-
Title VII ElderAbuse Prevention FYE23	93.041	2301MDOAEA	274	-
Title VII Ombudsman FYE22	93.042	2201MDOAOM	1,330	-
Title VII Ombudsman FYE23	93.042	2301MDOAOM	763	-
Aging Cluster				
Title IIIB Support FFY22	93.044	2201MDOASS	16,655	-
Title IIIB Support FFY23	93.044	2301MDOASS	46,987	-
Title IIIB Ombudsman FFY22	93.044	2201MDOASS	511	-
Title IIIB Ombudsman FFY23	93.044	2301MDOASS	317	-
Title IIIC-2 Meals FFY22	93.045	2201MDOAHD	34,302	-
Title IIIC-2 Meals FFY23	93.045	2301MDOAHD	25,072	-
Title IIIC-2 Supplemental Funding for Nutrition Consolidated Appropriations Act 2021	93.045	655121/05	19,023	-
Title C-1 Meals FFY22	93.045	2201MDOACM	66,194	-
Title C-1 Meals FFY23	93.045	2301MDOACM	71,241	-
Title IIIC-2 Meals FFY22 NSIP	93.053	2201MDOANS	2,701	-
Title IIIC-2 Meals FFY23 NSIP	93.053	2301MDOANS	7,972	-
Title IIIC-1 Meals FFY22 NSIP	93.053	2201MDOANS	9,512	-
Title IIIC-1 Meals FFY23 NSIP	93.053	2301MDOANS	14,160	-
Passed Through Maryland Department of Aging				
COVID -19 - CARES Act Title VII Ombudsman	93.042	654820/05	1,000	-
Office on Aging VAC5	21.019	Unknown	3,067	-
Total Aging Cluster			<u>318,714</u>	<u>-</u>
Medical Cluster				
Maryland Access Point	93.778	6540	68,587	-
Maryland Access Point Senior Rides	93.778	6540	19,558	-
Total Medical Cluster			<u>88,145</u>	<u>-</u>
Medicare Improvements for Patients & Providers Act (MIPPA)				
State Health Insurance Program 04/01/23-03/31/24	93.324	90SAPG0109-04-00	701	-
State Health Insurance Program 04/01/22-03/31/23	93.324	90SAPG0109-04-00	14,537	-
Senior Medicare Patrol	93.048	90MPPG0001-05-00	5,515	-
Passed Through Maryland Department of Human Resources				
Sheriff - Child Support Enforcement FFY22	93.563	CSEA/CRA-22-038	233,790	-
Sheriff - Child Support Enforcement FFY23	93.563	CSA/CRA-23-038	715,785	-
State's Attorney - Non Support Grant FFY22	93.563	CSA/CRA-22 007	95,516	-
State's Attorney - Non Support Grant FFY23	93.563	CSA/CRA-23-007	314,533	-
Family Magistrate - Child Support FFY22	93.563	CSA/CRA-22 036	26,740	-
Family Magistrate - Child Support FFY23	93.563	CSA/CRA-23-036	98,383	-
Total Department of Health & Human Services			<u>1,957,570</u>	<u>-</u>
Department of Homeland Security				
Direct Programs				
Staffing for Adequate Fire and Emergency Response Grant FY19	97.083	EMW-2019FF-00783	49,768	-
Assistance to Firefighters Grant FY20	97.unknown	EMW-FG-11919	506,438	-
Tropical Storm Isaias	97.036	FEMA-4583-DR	655,330	-
Passed Through Maryland Emergency Management				
Emergency Management Program Grant 2022	97.042	EMP-2022-EP-00001-S01	101,102	-
Emergency Management Program Grant- ARPA 2021	97.042	EMP-2021-EP-00006-S01	10,487	-
Hazard Mitigation Plan	97.049	EMP-2020-BR-005-0004	2,047	-
Calvert County Elevation Project	97.039	FEMA-DR-4261-MD-0020	84,440	-
Calvert County Acquisition/Demolition Project(2)	97.039	FEMA-DR-4261-MD-0018	3,695	-
Homeland Security FFY21	97.067	EMW-2021-SS-00047 SHSP	18,216	-
Homeland Security FFY20	97.067	EMW-2020-SS-00010 SHSP	5,391	-
Total Department of Homeland Security			<u>1,436,914</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 12,309,333</u>	<u>\$ -</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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of Calvert County, Maryland (the County) are included in the scope of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Single Audit or Uniform Guidance). The Single Audit was performed in accordance with the provisions of the U.S. Office of Management and Budget (OMB) Compliance Supplement. Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant program noted below. The programs on the Schedule of Expenditures of Federal Awards represent all Federal award programs and other grants with fiscal year 2023 cash or non-cash expenditure activities. For our Single Audit testing, we tested Federal award programs below with 2023 cash and non-cash expenditures to ensure coverage of at least 20% of Federally granted funds. Our actual coverage was 57%.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following 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. In the opinion of management, disallowed costs, if any, from such audit will not have a material effect on this Schedule of financial position of the County. 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 Assistance Listing Number</u>	<u>Federal Expenditures</u>
COVID-19 - Emergency Rental Assistance	21.023	\$ 1,162,718
COVID-19 - American Rescue Plan Act	21.027	5,835,834
		<u>\$ 6,998,552</u>

2. BASIS OF PRESENTATION

The accompanying Schedule includes the Federal award activity of the County under programs of the Federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of 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, 2023**

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?	Yes
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?	None Reported
Audit findings disclosed that are required to be reported in accordance with section 200.516(a) of Uniform Guidance?	No

Identification of Major Programs:

Major Programs	Federal Assistance Listing Number	Federal Expenditures
COVID-19 - Emergency Rental Assistance	21.023	\$ 1,162,718
COVID-19 - American Rescue Plan Act	21.027	5,835,834
		\$ 6,998,552
Threshold for distinguishing between Type A and B programs		\$ 750,000
Did the County qualify as a low risk auditee?		Yes

CALVERT COUNTY, MARYLAND

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2023

Section II – Financial Statement Findings

Finding 2023-001

Programs: All
Material Weakness over Financial Reporting
Repeat Finding: No

Condition:

The County’s financial close and reporting process was delayed for fiscal year 2023. During the audit, we identified audit adjustments that were subsequently corrected by management that affected receivables, accrued expenditures and the expenditure accounts.

Criteria:

In accordance with Uniform Guidance, the County must maintain an adequate system of internal controls over financial reporting to initiate, authorize, record, process and report financial data reliably in accordance with generally accepted accounting principles.

Additionally, §200.510 requires the auditee to prepare financial statements that reflect its financial position, results of operations or change in net assets, and, where appropriate, cash flows for the fiscal year audited.

Cause:

The County did not have adequate internal controls over financial reporting in place to ensure the review and analysis of its financial statements on a timely basis.

Effect:

The delay in completing the financial close and reporting process could allow for misstatements, errors, and irregularities to go undetected. Also, accurate financial information may not have been available to make timely management decisions.

Questioned Costs:

None.

Recommendation:

We believe that the year-end closing procedures could be performed more quickly and accurately by developing a closing checklist that indicates who will perform each procedure and a deadline for each procedure. Included in the checklist needs to be a procedure in which each reconciled schedule is detail reviewed for accuracy and reasonableness. The timing of specific procedures could be coordinated with the timing of management’s or the auditor’s need for the information. The due dates should also be monitored to determine that they are being met.

CALVERT COUNTY, MARYLAND

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section III - Federal Award Findings

None noted.



CALVERT COUNTY DEPARTMENT OF FINANCE & BUDGET

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Board of Commissioners
Mark C. Cox Sr.
Catherine M. Grasso
Earl F. Hance
Mike Hart
Todd Ireland

Bruce Miller, Director

CORRECTIVE ACTION PLAN (CAP) (Response to Material Weakness over Financial Reporting)

- **Point of Contact (POC):** the Deputy Director of Accounting (vacant) will oversee the corrective action plan with assistance from an Accountant III (Casey Waldron)
- **Resource Requirements:** the main resources will be the Deputy Director of Accounting and an Accountant III. It is anticipated that the non-recurring milestones will take no more than 40 hours to complete.
- **Planned Milestones:**
 - Create a tracker for balance sheet account reconciliations – completed 05/24
 - Every June and July, send out reminders on transitioning to the new fiscal year while the prior fiscal year is being closed to ensure expenses/revenue are accounted for properly.
 - Staff complete monthly balance sheet account reconciliations by the 15th of the following month
 - As part of each balance sheet account reconciliation, staff will prepare a document for each account (by 08/24 and updated annually) that includes the following information:
 - Name/Title of account
 - General Ledger account number
 - Fund (if applicable)
 - Purpose
 - Types of transactions
 - Transaction flow
 - Tracker and reconciliations are discussed monthly at a meeting led by either POC or the Director of Finance (Bruce Miller), meetings will be held the week that includes the 15th, if possible
 - Create a checklist for a quarterly review of revenue and expenses by 10/24
 - Using the above checklist, perform a quarterly review of the revenue and expense data for quarters 1 through 3 no later than 30 days after the end of the quarter.
 - Actual-to-budget comparison for expenses/revenue
 - Cost centers used with the wrong fund
 - Negative expense balances
 - Positive revenue balances
 - Adjustments for issues identified during the quarterly review will be posted prior to the next quarterly review

- Consolidate year-end checklists into a master checklist by 08/24. The checklist must include the following information:
 - Procedure to be performed
 - Where instructions for the procedure are located
 - Responsibility Party
 - Date Due
 - Date Completed
 - Reviewing Party
 - Date Due
 - Date Completed
- Hold bi-weekly year-end status meetings starting the 2nd week in July through the issuance of the audited financial statements
- **Scheduled Completion Date:** the target completion date for non-recurring milestones is 10/24. As part of the CAP, we will be implementing recurring milestones that will be completed within the timelines specified above.
- **Status Date:**
 - The tracker for balance sheet account reconciliations was completed in 05/24.
 - Staff is working daily on account reconciliations for Fiscal Year (FY) 2024.
 - The June reminder regarding the end of FY 2024 and the start of FY 2025 was sent on 06/30/24.

CALVERT COUNTY, MARYLAND

**Schedule of Prior Year Audit Findings and Questioned Costs
For the Year Ended June 30, 2023**

There were no prior year findings in the June 30, 2022, single audit report.