

**ANNE ARUNDEL COUNTY, MARYLAND**  
**Annapolis, Maryland**

**REPORT ON SINGLE AUDIT**  
**JUNE 30, 2016**

**ANNE ARUNDEL COUNTY, MARYLAND  
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**Independent Auditors' 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***

The Honorable County Executive and  
The Honorable Members of the County Council  
Anne Arundel County, 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 Anne Arundel County, Maryland (the County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 28, 2016. The County's financial statements include the financial statements of the Anne Arundel County Board of Education, the Anne Arundel County Community College, the Anne Arundel Economic Development Corporation, Tipton Airport Authority, and the Anne Arundel Workforce Development Corporation as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters for the Anne Arundel County Board of Education, Anne Arundel Community College, Tipton Airport Authority and Anne Arundel Workforce Development Corporation that are reported on separately by those auditors. The Anne Arundel County Community College Foundation (which is included in the financial statements of the Anne Arundel Community College) and Anne Arundel Economic Development Corporation were not audited in accordance with *Government Audit Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of 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 as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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.

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 were not identified.

The Honorable County Executive and  
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However, as described in the accompanying schedule of audit findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness and a significant deficiency.

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 deficiency described as 2016-001 in the accompanying schedule of findings and responses 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. We consider the deficiency described as 2016-002 in the accompanying schedule of findings and responses to be a significant deficiency.

#### **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.

#### **Anne Arundel County Maryland's Response to Findings**

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### **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 result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 28, 2016

**Independent Auditors' Report on Compliance with Requirements for Each Major Federal Program, Report on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

The Honorable County Executive  
The Honorable Members of the County Council  
Anne Arundel County, Maryland

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

We have audited Anne Arundel County, Maryland's (the County) 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 County's major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of Anne Arundel County Board of Education, the Anne Arundel County Community College, the Anne Arundel Economic Development Corporation, Tipton Airport Authority, and the Anne Arundel Workforce Development Corporation that have been excluded from the accompanying schedule of expenditures of federal awards because these component units engaged other auditors to perform an audit in accordance with Title 2 U.S. Code of Federal Regulation for Federal Awards, where applicable.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

The Honorable County Executive and  
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Anne Arundel County, Maryland

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, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2016-003 and 2016-004. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **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 audit of compliance, 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 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 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.

The Honorable County Executive and  
The Honorable Members of the County Council  
Anne Arundel County, Maryland

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-003, that we consider to be a significant deficiency.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 result 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, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 28, 2016, 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
March 31, 2017

**ANNE ARUNDEL COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

Grant Title	CFDA Number	Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Corporation for National &amp; Community Service-</b>				
Retired Senior Volunteer Program	94.002	12SRAMD008	-	\$ 572
<b>Foster Grandparents Cluster:</b>				
Year ended December 31, 2015	94.011	15SFAMD001	-	89,895
Year ended December 31, 2016	94.011	15SFAMD001	-	79,162
<b>Total Foster Grandparents Cluster</b>			-	169,057
<b>Total Corporation for National &amp; Community Service</b>			-	169,629
<b>U.S. Department of Defense-</b>				
<b>Community Planning Assistance:</b>				
Fort Meade Region BRAC Planning	12.607	HQ00051510026	180,447	180,447
<b>Total U.S. Department of Defense</b>			180,447	180,447
<b>U.S. Department of Housing &amp; Urban Development-</b>				
<b>Emergency Shelter Grants</b>				
2013-2014	14.231	E13-UC-24-0001	345	345
2015-2016	14.231	E14-UC-24-0001	85,449	85,449
2016-2017	14.231	E15-UC-24-0001	95,711	95,711
<b>Total Emergency Shelter Grants</b>			181,505	181,505
<b>Community Development Block Grants Cluster:</b>				
2011-2012	14.218	B-11-UC-24-0010	446	446
2012-2013	14.218	B-12-UC-24-0010	7,677	7,677
2014-2015	14.218	B-14-UC-24-0010	197,936	197,936
2015-2016	14.218	B-15-UC-24-0010	1,444,092	1,444,092
<b>Total Community Development Block Grants Cluster</b>			1,650,151	1,650,151
<b>Supportive Housing Program (SHP):</b>				
Arundel House of Hope - Fouse Center	14.267	MD0109L3B031306	14,758	14,758
Mental Health Agency-SHOP Program	14.267	MD0105L3B031306	9,105	9,105
Anne Arundel Partnership	14.267	MD0107L3B031306	2,163	2,163
Arundel House of Hope - Safe Haven I	14.267	MD0110L3B031306	32,069	32,069
Arundel House of Hope - WISH Program	14.267	MD0108L3B031306	17,938	17,938
Mental Health Agency-Samaritan Housing Program	14.267	MD0104L3B031304	23,406	23,406
Arundel House of Hope - Community Housing	14.267	MD0238L3B031303	22,369	22,369
Housing First Project I	14.267	MD0257L3B031302	14,413	14,413
Housing First Project II	14.267	MD0271L3B031302	16,679	16,679
Annapolis Area Ministries - Anchor House	14.267	MD0106L3B031306	5,047	5,047



**ANNE ARUNDEL COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

Grant Title	CFDA Number	Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Supportive Housing Program (SHP) (cont):</b>				
Sarah's House 2022/2031	14.267	MD0111L3B031205	\$ 333,126	\$ 333,126
Arundel House of Hope-the Fouse Center	14.267	MD0109L3B031205	117,057	117,057
Housing Commission Permanent Housing	14.267	MD0113L3B031205	381,992	381,992
Mental Health Agency-SHOP Program	14.267	MD0105L3B031205	163,707	163,707
Anne Arundel Partnership	14.267	MD0107L3B031205	343,716	343,716
Arundel House of Hope - Safe Haven I	14.267	MD0110L3B031205	28,759	28,759
Arundel House of Hope - Safe Haven II	14.267	MD0250L3B031405	37,332	37,332
CoC Planning Grant	14.267	MD0313L3B031400	30,543	30,543
Arundel House of Hope - WISH Program	14.267	MD0108L3B031205	41,564	41,564
Housing First Project I	14.267	MD0257L3B031201	37,859	37,859
Housing First Project II	14.267	MD0271L3B031201	100,413	100,413
Annapolis Area Ministries - Anchor House	14.267	MD0106L3B031205	31,160	31,160
Mental Health Agency-Samaritan Housing Program	14.267	MD0104L3B031203	36,610	36,610
Arundel House of Hope - Community Housing	14.267	MD0238L3B031202	33,138	33,138
<b>Total Supportive Housing Program (SHP)</b>			<b>1,874,923</b>	<b>1,874,923</b>
<b>HOPWA:</b>				
HOPWA 2013-2014	14.241	MDH13-F001	4,267	4,267
HOPWA 2014-2015	14.241	MDH14-F001	305,427	305,427
HOPWA 2015-2016	14.241	MDH15-F001	172,503	172,503
<b>Total HOPWA</b>			<b>482,197</b>	<b>482,197</b>
<b>HOME Investment Partnership Program:</b>				
2011	14.239	HOME 861/30205	1,173	1,173
2014	14.239	HOME 863/50205	83,973	83,973
2015	14.239	HOME 864/60205	267,283	267,283
2016	14.239	HOME 865/60205	100,066	100,066
<b>Total HOME Investment Partnership Program</b>			<b>452,495</b>	<b>452,495</b>
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<b>4,641,271</b>	<b>4,641,271</b>
<b>U.S. Department of Health &amp; Human Services</b>				
Adult Drug Court Training Initiative	93.243	1H79TI025068-01	-	414,186
Drug Free Communities Support Program	93.276	5H79SO013459-10	-	90,117
SAMSHA Respond	93.104	1U79SM062450-01	402,904	410,371
<b>Total U.S. Department of Health &amp; Human Services - Direct Awards</b>			<b>402,904</b>	<b>914,674</b>

**ANNE ARUNDEL COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

Grant Title	CFDA Number	Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Health and Human Services- Passed through from State</b>				
<b>Maryland State Department of Human Resources-</b>				
Child Support Enforcement 2015	93.563	CSEA/CRA-015-032	-	\$ 218,133
Child Support Enforcement 2016	93.563	CSEA/CRA-016-032	-	634,994
<b>Total Child Support Enforcement</b>			-	853,127
<b>Maryland State Office on Aging:</b>				
Ombudsman / Elder Abuse Title VII	93.042	AAA-3-24-002	-	34,052
Preventive Health Services III D	93.043	AAA-3-24-002	-	19,716
Senior Care Title III-B	93.044	AAA-3-24-002	-	108,631
Legal Aid Bureau III B	93.044	AAA-3-24-002	40,000	40,000
IIIB Telephone Reassurance	93.044	AAA-3-24-002	-	7,066
Nutrition IIIC-1	93.045	AAA-3-24-002	-	487,716
Home Delivery of Meals Title III C	93.045	AAA-3-24-002	-	278,048
Public Relations/Administration - IIIB	93.048	AAA-3-24-002	-	307,320
National Family Care Giver III E	93.052	AAA-3-24-002	-	214,147
Nutrition Services Incentive	93.053	ST-6505-002	-	94,916
Curb Abuse of Medicare & Medicaid	93.779	ST-6517-002	-	44,532
<b>Total Maryland State Office on Aging</b>			40,000	1,636,144
<b>Maryland State Dept. of Health and Mental Hygiene:</b>				
PHP: Planning & Readiness	93.069	CH809PHP	-	376,391
PHP: Cities Readiness Initiative	93.069	CH809PHP	-	92,124
PHEP EBOLA Supplemental	93.074	PR050PHP	-	66,501
Personal Responsibility Education Program	93.092	FHB76PRE	31,865	67,293
MAT: Prescription Drug & Opioid Addiction	93.243	AS307MAT	11,550	125,643
Maryland Strategic Prevention Initiative	93.243	MU214SPF	-	95,500
Immunization Service Delivery	93.268	CH358IMM	-	114,700
CDC Breast & Cervical Cancer	93.752	FH425CBC	-	148,243

**ANNE ARUNDEL COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

Grant Title	CFDA Number	Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Maryland State Dept. of Health and Mental Hygiene (cont):</b>				
Administrative Care Coordinator	93.767	MA007EPS	-	\$ 37,611
PWC Eligibility	93.767	MA281ACM	-	320,007
Expanded ACC	93.778	MA390HSP	-	47,286
Administrative Care Coordinator	93.778	MA007EPS	-	211,153
PWC Eligibility	93.778	MA281ACM	-	245,648
M/A General Transportation	93.778	MA344GTS	-	1,357,255
Sexually Transmitted Diseases	93.940	CH033STD	-	6,531
HIV Prevention Services	93.940	AD349PRV	-	67,054
Integration of Sexual Health in Recovery	93.959	AD678INT	-	45,000
Opioid Misuse Prevention	93.959	AS289OMP	36,000	90,000
Addictions Prevention	93.959	AS002SAS	23,350	293,161
Addictions Federal Treatment	93.959	AS213FED	-	2,380,215
Sexually Transmitted Diseases	93.977	CH033STD	-	2,772
<b>Total Maryland State Dept. of Health and Mental Hygiene</b>			102,765	6,190,088
<b>Total Department of Health and Human Services- Passed through from State</b>			142,765	8,679,359
<b>Department of Health and Human Services- Passed through Local Grants</b>				
<b>City of Baltimore</b>				
Ryan White I (Assoc Black Charities)	93.914	ABC-15-2403/ABC-16-2403	-	204,193
<b>Friends of the Family</b>				
Maryland Family Network	93.558	MDFN-070615	-	27,000
<b>University of Maryland, College Park</b>				
High Intensity Drug Trafficking Area	95.001	I-2015-DXAA	-	125,928
<b>Total Department of Health and Human Services- Passed through Local Grants</b>			-	357,121
<b>Total Department of Health and Human Services</b>			545,669	9,951,154
<b>U.S. Department of Justice-</b>				
Equitable Shared - Drug Enforcement Administration	16.000	MD 0020200	-	1,035,367
		2010-AP-BX-0135		
		2012-AP-BX-0523		
State Criminal Alien Assistance Program	16.606	2013-AP-BX-0677	-	117,735
		2014-AP-BX-0164		
		2015-AP-BX-0611		

**ANNE ARUNDEL COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

Grant Title	CFDA Number	Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Justice (cont)-</b>				
Solving Cold Cases with DNA	16.560	2014-DN-DX-K071	\$ -	\$ 52,067
Forensic Casework DNA Backlog 2013	16.743	2013-DN-BX-0052	-	25,047
Forensic Casework DNA Backlog 2014	16.743	2014-DN-BX-0068	-	76,854
Forensic Casework DNA Backlog 2015	16.743	2015-DN-BX-0069	-	22,184
<b>Total Forensic Casework DNA Backlog</b>			-	124,085
Byrne Memorial Justice Grant				
2014	16.738	2014-DJ-BX-0524	-	28,333
2015	16.738	2015-DJ-BX-0380	-	152,008
<b>Total Byrne Memorial Justice Grant</b>			-	180,341
<b>Total US Department of Justice - Direct Awards</b>			-	1,509,595
<b>US Department of Justice: Passed through From State</b>				
<b>Governor's Office of Crime Control &amp; Prevention:</b>				
Disproportionate Minority Contact	16.540	JJAC-2010-1504	-	39,286
Paul Coverdell Forensic Science	16.560	CFSI-2015-0001	-	6,744
Victim Witness Notification Specialists	16.575	VOCA-2014-1542	-	28,424
Victim Witness Notification Specialists	16.575	VOCA-2014-1642	-	140,114
DUI - Justice Assistance Grant	16.579	S16MV02K70	-	119,987
LETS Training Grant	93.643	BJNT-2012-0009	-	1,623
Medication Assisted Treatment	16.738	BJAG-2012-0081	-	58,721
Medication Assisted Treatment Supplement	16.738	BJAG-2012-1081	-	3,000
BJAG Technology Enhancements	16.738	BJAG-2012-0093	-	178,220
BJAG Drug Court Mobile Testing	16.738	BJAG-2013-0012	-	18,845
BJAG Live Scan Program	16.738	MDSS-2015-0011	-	40,240
MDEC Interfacing System	16.738	BJAG-2013-0022	-	150,000
Danger Assessment Advocate	16.588	VAWA-2014-1874 VAWA-2015-1974	-	20,000
<b>Total US Department of Justice: Passed through From State</b>			-	805,204
<b>Total US Department of Justice</b>			-	2,314,799
<b>U.S. Department of Agriculture-</b>				
<b>Maryland State Health Department:</b>				
Women, Infants & Children	10.557	WI174WIC	-	1,449,164

**ANNE ARUNDEL COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

Grant Title	CFDA Number	Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Maryland State Health Department (cont):</b>				
WIC Training & Temp Staffing	10.557	WI871TRN	\$ -	\$ 508,730
<b>Total U.S. Department of Agriculture</b>			-	1,957,894
<b>U.S. Department of Education-</b>				
<b>    Maryland State Department of Education</b>				
Staff Development	45.310	155449	-	23,465
<b>Total U.S. Department of Education</b>			-	23,465
<b>U.S. Environmental Protection Agency</b>				
<b>    Maryland Department of the Environment</b>				
Septic System Tracking & Reporting (CBRAP)	66.000	U00P6400195	-	31,155
<b>Total U.S. Environmental Protection Agency</b>			-	31,155
<b>U.S. Department of Homeland Security-</b>				
<b>    Maryland State Emergency Management Agency-</b>				
Emergency Management Performance Program	97.042	EMW-2015-EP-00008-S01	-	201,286
State Homeland Security Program	97.067	EMW-2014-SS-00007-S01 EMW-2015-SS-00007-S01	-	279,262
Emergency Management Support Program	97.008	EMW-2014-SS-00007-S01 EMW-2015-SS-00007-S01	-	143,880
UASI- Sheltering	97.008	EMW-2014-SS-00007-S01 EMW-2015-SS-00007-S01	-	7,251
UASI- MCCU Vehicle Maintenance	97.008	EMW-2014-SS-00007-S01 EMW-2015-SS-00007-S01	-	10,577
UASI- Incident Management Training	97.008	EMW-2014-SS-00007-S01	-	53,336
UASI- Hazardous Material Support	97.008	EMW-2014-SS-00007-S01 EMW-2015-SS-00007-S01	-	29,832
UASI- Closed Circuit Television	97.008	EMW-2014-SS-00007-S01	-	45,465
UASI- Ambulance Buses	97.008	EMW-2014-SS-00007-S01 EMW-2015-SS-00007-S01	-	37,040
UASI- Tactical Equipment	97.008	EMW-2014-SS-00007-S01 EMW-2015-SS-00007-S01	-	108,884
UASI- Tech Training WEB EOC	97.008	EMW-2014-SS-00007-S01 EMW-2015-SS-00007-S01	-	14,934
<b>Total U.S. Department of Homeland Security</b>			-	931,747

**ANNE ARUNDEL COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2016**

Grant Title	CFDA Number	Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>US Department of the Interior - USFWS</b>				
<b>Department of Natural Resources</b>				
Fort Smallwood Park - Sport Fishing Restoration	15.605	FSFRFF14AF00079	\$ -	\$ 1,300,000
<b>Total US Department of the Interior - USFWS</b>			<u>-</u>	<u>1,300,000</u>
<b>US Department of Labor-</b>				
<b>Maryland Department of Labor, Licensing &amp; Regulations</b>				
WIA Title 1 Grant: Youth	17.258	P00P5400016 P00P64US011 P00P5400016	381,364	381,364
WIA Title 1 Grant: Adult	17.259	P00P64US011 P00P64AA001	237,041	237,041
WIA Title 1 Grant: Dislocated Worker	17.278	P00P5400016 P00P64AA001	438,854	438,854
<b>Total US Department of Labor</b>			<u>1,057,259</u>	<u>1,057,259</u>
<b>US Department of Transportation-</b>				
<b>Maryland Department of Transportation:</b>				
2015 Community Traffic Safety	20.601	MVA 15-003	-	29,768
2016 Community Traffic Safety	20.601	P-2016-022	-	61,859
<b>State Highway Administration:</b>				
Broadneck Peninsula Trail	20.205	SAFETEA-LUHPP	-	51,426
Cypress Creek Retrofit	20.205	STP-3(192)E	-	65,000
Sands Road Bridge Replacement	20.205	AA563ZMI	-	1,224,343
<b>Mass Transit Administration:</b>				
Federal Transit Formula	20.507	MD-95-CM16	194,050	194,050
Historic Generals Highway Corridor	20.205	VTPC-2014-04	-	60,075
<b>Motor Vehicle Administration:</b>				
Parent Education: Prevent Underage Drinking	20.608	MVA GV-16-034	-	16,865
Motor Carrier Assistance Program	20.218	SHA-MOU-022212	-	272
<b>Baltimore Metropolitan Council</b>				
UPWP Federal Transit Metro Planning 13	20.505	UPWP-FY2014-MIIF	-	65,621
UPWP Federal Transit Metro Planning 15	20.505	UPWP-070115	-	45,975
<b>Total US Department of Transportation</b>			<u>194,050</u>	<u>1,815,254</u>
<b>Total Federal Expenditures</b>			<u>\$ 6,618,696</u>	<u>\$ 24,374,074</u>

**ANNE ARUNDEL COUNTY, MARYLAND**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

**NOTE 1 BASIS OF PRESENTATION**

The County reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other State and local governmental agencies and nonprofit organizations are included in the accompanying schedule. The accompanying schedule is presented using the modified accrual basis of accounting as described in Note 1 to the County's basic financial statements. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Expenditures presented represent only the federally funded portions of the grant programs. Expenditure of federal award grant funds are made for the purposes specified by the grantor and are subject to certain restrictions. Expenditures are also subject to audit by the relevant federal agency. In the opinion of management, disallowed costs, if any, from such audits will not have a material effect on the Schedule or on the financial position of the County. Compliance testing of all applicable compliance requirements, as described in Title 2 U. S. Code of Federal Regulations Part 200, was performed for all major programs.

Federal awards of the Anne Arundel County Retirement and Pension System, the Anne Arundel County Board of Education, the Anne Arundel Community College, the Public Library of Annapolis and Anne Arundel County, the Anne Arundel Economic Development Corporation, Inc., the Tipton Airport Authority, and the Anne Arundel Workforce Development Corporation, component units, are not included in the schedule.

**NOTE 2 FISCAL PERIOD AUDITED**

Single audit testing procedures were performed for transactions occurring during the fiscal year ended June 30, 2016.

**NOTE 3 CATEGORIZATION OF EXPENDITURES**

The categorization of expenditures by program included in the Schedule of Expenditures of Federal Awards is based on the Catalog of Federal Domestic Assistance (CFDA). Changes in the categorization of expenditures occur based on revisions to the CFDA, which are issued in June and December of each year. In accordance with the County's policy, the Schedule of Expenditures of Federal Awards for the year ended June 30, 2016, reflects CFDA changes issued through June 2016.

**ANNE ARUNDEL COUNTY, MARYLAND**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

**NOTE 4   INDIRECT COSTS**

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

**NOTE 5   NONCASH ASSISTANCE**

The County receives food commodities from the Federal Government. During the year ended June 30, 2016, the fair market value of the commodities received was estimated at \$532,145 wholesale value. These commodities are delivered to the Anne Arundel County Food Bank, Inc., an independent organization, which is responsible for distributing the food to eligible County residents. This amount is not included in the Schedule of Expenditures of Federal Awards.

**NOTE 6   REVOLVING LOAN PROGRAM**

The County participates in the Environmental Protection Agency's Capitalization Grants for State Revolving Funds loan program (federal catalog number 66.458). The amount due to the State of Maryland under this program as of year ended June 30, 2015, was approximately \$56,755,806 and current year activity was a net increase to the revolving loan program of approximately \$516,430 resulting in a balance due to the State of Maryland as of June 30, 2016 of approximately \$57,272,236.

**NOTE 7   MARYLAND STATE DEPARTMENT OF HEALTH AND MENTAL HYGIENE**

The Maryland State Department of Health and Mental Hygiene pays expenses for employee salaries and employee benefits for certain county programs. The County records these amounts on the Schedule of Expenditures of Federal Awards and in its basic financial statements to fully reflect the operations of these programs.



**ANNE ARUNDEL COUNTY, MARYLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016**

**Section I. – Summary of Auditors’ Results**

**Financial Statements**

**Type of auditor’s report issued: Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ X \_\_\_\_\_ yes \_\_\_\_\_ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ X \_\_\_\_\_ yes \_\_\_\_\_ no
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ X \_\_\_\_\_ yes \_\_\_\_\_ no

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 2 CFR 510 (a)? \_\_\_\_\_ X \_\_\_\_\_ yes \_\_\_\_\_ no

**Identification of major programs:**

<u><b>CFDA Number(s)</b></u>	<u><b>Name of Federal Program or Cluster</b></u>
10.557	Special Supplemental Nutrition Program for Woman, Infants and Children
14.267	Continuum of Care
93.778	Medical Assistance Program
15.605	Sport Fish Restoration
20.205	Highway Planning and Construction
14.218	Community Development Block Grant
93.243	Substance Abuse and Mental Health Services
16.738	Edward Byrne Memorial Justice Assistance

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

**ANNE ARUNDEL COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2016**

**Section II. – Financial Statement Findings**

<b>Finding Reference:</b>	<b>2016-001</b>
<b>Description:</b>	OPEB Contribution
<b>Type of Finding:</b>	Material Weakness

***Condition***

The County did not properly record its OPEB (Other Post Employment Benefits) contribution during the current year. On July 1, 2015 the County established a separate irrevocable OPEB trust. With the establishment of this trust, assets that were previously held in a reserve cash account were transferred to the OPEB trust. Additional employer contributions were also remitted to the Trust during the year. The County did not use these contributions to reduce the OPEB liability.

***Criteria***

Employer contributions remitted to the OPEB trust should reduce the OPEB liability.

***Cause***

Due to management oversight, the County's calculation of the OPEB liability was misstated due to the omission of the trust contributions.

***Effect***

A material audit adjustment was required to properly account for the trust contribution. This resulted in a decrease in expenditures and a decrease in the OPEB liability reported in several of the County's funds and opinion units.

***Recommendation***

The Office of Finance should review its procedures for calculating the OPEB liability.

***Views of the Responsible Officials and Corrective Action Plan***

In FY2016, the County worked with the external auditors to determine a process to prepare OPEB Trust Statements. This was a new process that was implemented in the current fiscal year. As a result of the OPEB Trust, there was a change in the way the County had previously determined the OPEB long-term liability. Although, the County was working closely with the auditors throughout year-end review to determine if all revised accounting procedures had been implemented correctly, the required change did not get identified early on in the process. It was implemented and corrected prior to financial statement submission. As in the past, the County has requested that the auditors work with the County when implementing new processes to ensure all new accounting requirements have been met. We believe that we have established procedures for properly accounting for the OPEB Trust and these procedures are consistently being applied. The County external auditors have reviewed and approved the final process.

**ANNE ARUNDEL COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2016**

**Finding Reference:** 2016-002  
**Description:** Accounting for Construction in Process  
**Type of Finding:** Significant Deficiency

***Condition***

The County determined there were several projects in beginning construction in process that were not intended to be capitalized. The County's capital budget is structured such that appropriations are made at the project level (parent); however, certain projects may have sub-projects. Each year, the Office of Finance analyzes capital projects for completion based on certain criteria and to determine if the project will ultimately be capitalized. This analysis includes an inquiry of project managers and review of the project budget. Prior to this fiscal year, this analysis was being completed at the "parent" level only. Because this was noted in the prior year as a material weakness, Office of Finance performed this analysis at the sub-project as well as the project level for the current fiscal year. During this year's analysis, the Office of Finance discovered several sub-projects that should not be capitalized. This resulted in a prior period misstatement, adjusting beginning capital asset and net investment in capital asset balance for the water/wastewater and business-type funds.

***Criteria***

Only expenditures which will ultimately become capital assets should remain in construction in process at year end.

***Cause***

Improper determinations were made in prior years regarding whether these projects would become County assets, and as a result, costs related to these projects were not expensed in the proper year.

***Effect***

Construction in process and fund balance were overstated requiring a prior period adjustment be made in the Wastewater fund and Business-type Activities.

***Recommendation***

The Office of Finance should continue to work with project managers in analyzing the project and sub-project expenses recorded in construction in process to determine whether the projects should be capitalized.

***Views of the Responsible Officials and Corrective Action Plan***

The County has implemented additional procedures to review all stand-alone and multi-year capital projects to determine if the construction related to the capital project will result in a capital asset owned by the County. The implementation of this extensive detailed review between finance and the County project managers began in FY15 and was expanded and finalized in FY16. As a result of this detailed review, the County identified additional projects in the construction in progress account that needed to be expensed, since upon completion of the capital project they would not result in the capitalization of an asset. The County has implemented procedures to work with project managers to determine proper accounting for construction in progress throughout the year. Finance is also working with the Office of Technology to assist in the improving and streamlining of the information process needed to determine the correct accounting for each capital project, such as status and ownership.

**ANNE ARUNDEL COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2016**

**Section III. – Federal Award Findings and Questioned Costs**

**Finding Reference:** 2016-003  
**Federal Agency:** U.S. Department of Transportation; U.S. Department of Justice  
**Federal Program:** 20.205 – Highway Planning and Construction – Grant #AA563ZMI  
16.738 – Edward Byrne Memorial Justice – Grant # BJAG-2013-1081  
16.588 – Violence Against Women – Grant #VAWA-2014-1874;  
VAWA-2015-1974  
**Compliance Requirement:** Reporting  
**Type of Finding:** Significant Deficiency in Internal Control, Noncompliance  
**Grant Year:** 2016

***Condition/Context***

The County's schedule of expenditures of federal awards did not accurately identify proper FY 2016 federal expenditures as required by Uniform Guidance. The County did not reported program expenditures for FY 2016 as expenditures on the SEFA for one federal program (20.205). In addition, the County reported expenditures to an incorrect grant award for one federal programs (16.738). Finally, the County reported expenditures in excess of the federal grant award for one federal program (16.588).

***Criteria***

2 CFR part 200.303 require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Internal Control-Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission, provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

In addition, 2 CFR Subpart D 200.302 (1) and 200.303 (a) stipulates that the auditee must identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal programs and award identification shall include, as applicable, the CFDA title and number, Federal award identification number and year, name of Federal agency, and name of the pass-through entity; establish and maintain effective internal control over Federal award that provides reasonable assurance that the auditee is managing Federal awards in compliance with Federal statutes, regulation, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Controller General of the United State and the "Internal Control Integrated Framework", issued by the Committee on Sponsoring Organizations of the Treadway Commission (COSO).

***Cause***

The County does not have effective controls in place for identifying and accruing program expenditures in enough time to allow proper reporting on the respective year's SEFA. In addition, the County does not have effective controls in place for identifying and reporting accurate award identifying information.

**ANNE ARUNDEL COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2016**

***Effect***

The SEFA contained incorrect expenditure amounts and identifying award information. Therefore, it was not in compliance with 2 CFR Subpart D 200.302 (1) and 200.303 (a). The County's program expenditures may be disallowed if the expenditures are not reported within the allowable period of availability.

***Questioned Costs***

None.

***Recommendation***

We recommend that the County review current procedures for creating the SEFA to ensure that all federal programs and related expenditures incurred and/or paid during the audit period are properly identified.

***Views of the Responsible Officials and Corrective Action Plan***

There is no disagreement with the audit finding. Reporting issues identified by the Auditor were corrected on the FY2016 SEFA prior to completion. The finding indicates that improvements are needed to assure that grant program expenditures are reported on the SEFA that relate only to the federal grant award and that the amounts reported reconcile to federal grant reimbursement filings. The County agrees to strengthen controls over SEFA preparation to assure proper reporting by adding a level of review to ensure that proper expenditure amounts are reported and that amounts reconcile to the related federal grant reimbursement filings. Michael Beard, Financial Reporting Manager, 410-222-2366, is responsible for the corrective action plan. Planned completion date of the corrective action plan is the filing of the FY2017 Single Audit Report by March 31, 2018.

**ANNE ARUNDEL COUNTY, MARYLAND  
SCHEDULE OF PRIOR YEAR FINDINGS  
JUNE 30, 2016**

**2015-001**

**Accounting for Construction in Process**

**Current Status:** The corrective action plan put in place by the County has not yet been fully implemented. Refer to current year finding 2016-002

**2015-002**

**Federal Agency:** U.S Department of Homeland Security

**Federal Program:** 97.044 – Assistance to Firefighters, Grant Number EMW-2013-FO-02856

**Compliance Requirement** - Matching, Level of Effort, Earmarking

**Current Status:** Fully corrected. The corrective measures have been put into place.