

Howard County, Maryland

**Annual Financial Report
(Single Audit)**

June 30, 2015

Howard County, Maryland

Index

	<u>Page</u>
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 and Schedule of Expenditures of Federal Awards	2
Schedule of Expenditures of Federal Awards	5
Note to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10

Independent Auditor's Report on Compliance for Each Major Federal Program and on
Internal Control over Compliance Required by OMB Circular A-133 and Schedule of
Expenditures of Federal Awards

The Honorable Members of the County Council
Howard County, Maryland

Report on Compliance for Each Major Federal Program

We have audited Howard 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 Howard County, Maryland's major federal programs for the year ended June 30, 2015. Howard 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.

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 Howard 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 Howard 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 Howard County, Maryland's compliance.

Opinion on Each Major Federal Program

In our opinion, Howard 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, 2015.

Report on Internal Control over Compliance

Management of Howard 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 Howard 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 Howard 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 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 our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards

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 Howard County, Maryland, as of and for the year ended June 30, 2015, and have issued our report thereon dated November 20, 2015, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Howard County, Maryland's basic financial statements. The 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 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 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 financial statements or to the 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 financial statements taken as a whole.

Howard County, Maryland's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Howard County Maryland's response and, accordingly, we express no opinion on the response.

This report is intended for the information and use of Howard County's management, the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Baltimore, Maryland
December 16, 2015

Howard County, Maryland

Schedule of Expenditures of Federal Awards June 30, 2015

Federal Program	Federal Catalog Number	Contract/Grant ID Number	Total Expenditures
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			
Fair Employment Practices Agency Contracts	30.002	EECN130025	\$ 33,800
Total Equal Employment Opportunity Commission			33,800
ENVIRONMENTAL PROTECTION AGENCY			
Pass-through Maryland Department of Natural Resources			
READY Watershed Restoration Project	66.466	12708	26,108
Bioretention Cells/Curb Bumpouts	66.466	12075	19,000
Total Environmental Protection Agency			45,108
U.S. DEPT OF DEFENSE, OFFICE OF ECONOMIC ADJUSTMENT			
Pass-through Anne Arundel County, Maryland			
Grant to Support Growth at Fort Meade FY14	12.607	HQ00051410050	84,431
Grant to Support Growth at Fort Meade FY15	12.607	HQ00051510026	15,438
Total U.S. Dept of Defense, Office of Economic Adjustment			99,869
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Pass through Maryland Department of Aging			
Cluster 93.044 / 93.045 / 93.053			
Title III, Part B Supportive Services and Senior Centers FY14	93.044	AAA-3-24-012	21
Title III, Part B Supportive Services and Senior Centers	93.044	AAA-3-24-012	14,886
Title III, Part B Supportive Services & Senior Centers FY2015	93.044	AAA-3-24-012	26,375
Title III, Part B Supportive Services & Senior Centers FY2015	93.044	AAA-3-24-012	147,107
Title III, Part C-1 Nutrition Services FY2014	93.045	AAA-3-24-012	17,605
Title III, Part C-2 Nutrition Services FY2014	93.045	AAA-3-24-012	33,252
Title III, Part C-1 Nutrition Services FY2014	93.045	AAA-3-24-012	20,042
Title III, Part C-1 Nutrition Services FY2015	93.045	AAA-3-24-012	172,105
Title III, Part C-1 Nutrition Services FY2015	93.045	AAA-3-24-012	37,006
Title III, Part C-2 Nutrition Services FY2015	93.045	AAA-3-24-012	108,006
Nutrition Services Incentive Program FY2014	93.053	ST-2505-012	9,442
Nutrition Services Incentive Program FY2015	93.053	ST-6505-012	30,387
Total Cluster 93.044 / 93.045/ 93.053			616,234
Title VII Elder Abuse FFY14	93.041	AAA-3-24-012	4,180
Special Programs for the Aging Title VII - Ombudsman Services FY14	93.042	AAA-3-24-012	2,409
Special Programs for the Aging Title VII - Ombudsman Services FY15	93.042	AAA-3-24-012	14,868
Title III, Part D Disease Prevention & Health Promotion Services FY14	93.043	AAA-3-24-012	987
Title III, Part D Disease Prevention & Health Promotion Services FY15	93.043	AAA-3-24-012	9,133
Senior Medical Patrol-Health Care Fraud Prevention Program Expansion	93.048	ST-6514-012	1,751
Title III, Part E National Family Caregiver Support FY14	93.052	AAA-3-24-012	24,243
Title III, Part E National Family Caregiver Support FY15	93.052	AAA-3-24-012	67,325
Medicare Improvements for Patients & Providers Act FY14	93.071	ST-2517-012	3,402
Medicare Improvements for Patients & Providers Act FY15	93.071	ST-2517-012	6,409
Maryland Access Point FY2015	93.778	ST-6904-012	21,039
Senior Medical Patrol FY15	93.779	ST-2516-012	6,496
Senior Health Insurance Program FY15	93.779	ST-2515-012	21,666
Pass-through Maryland Department of Human Resources			
Interagency Family Preservation Services (IFPS) FY15	93.558	HOW/SER-15-003	149,104
Work-on-Wheels Program FY2015	93.558	BCDSS/FIA 15-031	142,977
Pass-through Maryland Department of Human Resources Child Support Enforcement Administration			
Child Enforcement FFY14	93.563	CSEA/CRA-14-050	2,701
Child Enforcement FFY15	93.563	CSEA/CRA-15-050	62,485
Pass-through Maryland Department of Health & Mental Hygiene, Office of Preparedness and Response			
Hospital Preparedness Program FY2015	93.889	-	25,352
Pass-through Maryland Family Network, Inc.			
CCRC Professional Development and Capacity Building FY2015	93.575	-	80,983
CCRC Infant and Toddler Services	93.575	-	49,275
Pass-through Maryland State Department of Education			
Early Childhood Mental Health Consultation for Children Birth to Five	93.575	154165	14,000
Total U.S. Department of Health & Human Services			1,327,019

Howard County, Maryland

Schedule of Expenditures of Federal Awards June 30, 2015

Federal Program	Federal Catalog Number	Contract/Grant Number	Total Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-through Maryland Emergency Management Agency			
2011 Urban Area Security Initiative (UASI)	97.008	EMV-2011-SS-00044-S01-UAS	8,392
2012 Urban Area Security Initiative (UASI)	97.008	EMV-2012-SS-00002-S01-UA	60,803
FEMA Reimbursement - 2014 Snow Storm	97.036	FEMA-4170-DR-MD	160,369
FEMA Refund - 2010 Snow Storm	97.036	FEMA-1910-DR-MD	(48,440)
2013 Emergency Management Performance Grant	97.042	EMW-2013-EP-00003-S01	50,656
2014 Emergency Management Performance Grant	97.042	EMW-2014-EP-00011-S01	142,106
2015 Emergency Management Performance Grant	97.042	EMW-2015-EP-00008-S01	2,606
2013 Urban Area Security Initiative	97.067	EMV-2013-SS-0002-UASI	713,770
2014 Urban Area Security Initiative	97.067	EMV-2014-SS-00007-S01-UASI	177,164
2013 State Homeland Security Program	97.067	EMV-2013-SS-0002	180,818
2014 State Homeland Security Program	97.067	EMV-2014-SS-00007-S01	11,944
2011 State Homeland Security Program	97.073	EMW-2011-SS-00044-S01-SHS	135,474
Total U.S. Department of Homeland Security			<u>1,595,662</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grant FFY11	14.218	B-11-UC-24-0012	86,946
Community Development Block Grant FFY12	14.218	B-12-UC-24-0012	87,004
Community Development Block Grant FFY13	14.218	B-13-UC-24-0012	186,131
Community Development Block Grant FFY14	14.218	B-14-UC-24-0012	748,100
Home Investment Partnerships FFY12	14.239	M12-UC240203	46,796
Home Investment Partnerships FFY13	14.239	M13-UC240203	47,990
Home Investment Partnerships FFY14	14.239	M14-UC240203	13,265
FY2013 Continuum of Care Program - McKinney I	14.267	MD0116L3B041306	275,652
FY2012 Continuum of Care Program - McKinney II	14.267	MD0117L3B041205	26,666
FY2013 Continuum of Care Program - McKinney III	14.267	MD0118L3B041306	53,066
FY2013 Continuum of Care Program - McKinney IV	14.267	MD0239L3B041301	10,858
FFY2013 Continuum of Care Program - Bridges to Housing Stability	14.267	MD0115L3B041306	38,185
FY2013 Continuum of Care Program - McKinney II	14.267	MD0117L3B041306	139,393
FY2014 Continuum of Care Program - McKinney IV	14.267	MD0239L3B041402	2,956
FY2013 Continuum of Care Program - McKinney V	14.267	MD0272L3B041302	6,091
FFY2014 Continuum of Care Program - Bridges to Housing Stability	14.267	MD0115L3B041407	31,254
Pass through Maryland Department of Housing and Community Development			
Emergency Solutions FFY11B	14.231	12ESG14-2011B	1,721
Emergency Solutions FFY13	14.231	14ESG14-2013	28,159
Emergency Solutions FFY2014	14.231	15ESG14-2014	10,075
Pass through Baltimore Metropolitan Council			
Project EmpowerTrans	14.703	-	30,653
Helping Ourselves Progress through Employment Initiative	14.703	-	66,932
Total U.S. Department of Housing and Urban Development			<u>1 937 893</u>

Howard County, Maryland

Schedule of Expenditures of Federal Awards June 30, 2015

Federal Program	Federal Catalog Number	Contract/Grant Number	Total Expenditures
U.S. DEPARTMENT OF JUSTICE			
State Criminal Alien Assistance Program (SCCAP) FY11	16.606	2011-AP-BX-0294	20,143
State Criminal Alien Assistance Program (SCCAP) FY12	16.606	2012-AP-BX-0643	44,311
State Criminal Alien Assistance Program (SCAAP) FY13	16.606	2013-AP-BX-0737	17,877
State Criminal Alien Assistance Program (SCAAP) FY14	16.606	2014-AP-BX-0381	34,818
Justice Assistance Grant (JAG) Program FFY11	16.738	2011-DJ-BX-2471	25,711
Justice Assistance Grant (JAG) Program FFY12	16.738	2012-DJ-BX-1180	26,089
Justice Assistance Grant (JAG) Program FFY13	16.738	2013-DJ-BX-0499	34,429
Justice Assistance Grant (JAG) Program FFY14	16.738	2014-DJ-BX-0472	1,683
Asset Forfeiture/Equitable Sharing	16.922	MD0140100	270,080
Pass-through Governor's Office of Crime Control and Prevention			
Victim Assistance for Underserved Populations FFY14	16.575	VOCA-2013-1446	15,720
Victim Assistance for Underserved Populations FFY15	16.575	VOCA-2014-1546	48,668
Victim Service Liaison FFY14	16.575	VOCA-2013-1456	5,664
Victim Service Liaison FFY15	16.575	VOCA-2014-1556	24,732
Domestic Violence Legal Assistant FFY14	16.588	VAWA-2013-1215	7,553
Domestic Violence Legal Assistant FFY15	16.588	VAWA-2014-1315	37,638
Women in Law Enforcement Training - LETS	16.738	BJNT-2011-0012	605
Forensic Services Training - LETS	16.738	BJAG-2012-0065	900
Pass-through National Council on Crime and Delinquency			
PREA Training and Compliance	16.735	2010-RP-BX-K001	10,155
Pass-through Maryland Children Alliance			
Maryland Children's Alliance CY14	16.758	ELLI-MD-SA-14	6,652
Pass-through Southern Regional Children's Advocacy Center			
FY2015 Technology Infrastructure	16.758	2013-CI-FX-K004	1,458
Total U.S. Department of Justice			634,886
U.S. DEPARTMENT OF LABOR			
Pass-through Maryland Department of Labor, Licensing and Regulation			
Cluster 17.258 / 17.259 / 17.278			
WIA Adult FY14	17 258	P00B4400047	107,678
CACO WIA Adult FY14	17 258	P00B4400047	221,779
WIA Adult PY14	17 258	P00P5400021	16,040
CACO WIA Adult PY14	17 258	P00P5400021	11,970
WIA Adult FY15	17 258	P00P5400550	222,299
CACO WIA Adult FY15	17 258	P00P5400550	380
WIA Youth PY13	17 259	P00B4400007	102,754
CACO WIA Youth PY13	17 259	P00B4400007	240,920
WIA Youth PY14	17 259	P00P5400021	152,128
CACO WIA Youth PY14	17 259	P00P5400021	4,074
WIA Dislocated Worker PY13	17 278	P00B4400007	10,766
WIA Dislocated Worker FY14	17 278	P00B4400047	267,011
CACO WIA Dislocated Worker FY14	17 278	P00B4400047	435,788
WIA Dislocated Worker PY14	17 278	P00P5400021	112,686
CACO WIA Dislocated Worker PY14	17 278	P00P5400021	130,042
WIA Dislocated Worker FY15	17 278	P00P5400550	427,319
CACO WIA Dislocated Worker FY15	17 278	P00P5400550	105,036
Total Cluster 17.258 / 17.259 / 17.278			2,568,670
Total U.S. Department of Labor			2 568 670

Howard County, Maryland

Schedule of Expenditures of Federal Awards June 30, 2015

Federal Program	Federal Catalog Number	Contract/Grant Number	Total Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-through Maryland Department of Transportation			
Cluster 20.500 / 20.507			
Section 5309 - Central Maryland Transit Operations and Maintenance Facility	20.500	MD-03-0113-01, MD-04-0009-00, MD-04-0014-00, MD-04-0014-01	3,667,184
Paratransit/Taxi Swipe Card/Electronic Hybrid Buses	20.500	HO055309C2012	39,900
Ridesharing/Community Assistance Program	20.507	MD-95-CMAQFY15	<u>130,322</u>
Total Cluster 20.500 / 20.507			<u>3 837 406</u>
Bikeshare Feasibility Study FY13	20.205	FY13-004	20,167
Hybrid Vehicles and Bus Shelters FY13	20.509	HO055307WC2013, MD-18-0024	106,701
Section 5311 Fixed Route	20.509	HO055311O2015	357,291
Bus IT Package with Security	20.509	HO055311C2012	13,224
New Freedom Program - Bus Stop Improvements	20.521	MD-57-X002	137,959
Pass-through Baltimore Metropolitan Council			
Unified Planning Work Program FY12	20.205	-	17,216
Unified Planning Work Program FY13	20.205	-	76,831
Unified Planning Work Program FY14	20.205	-	64,924
Unified Planning Work Program FHWA FY15	20.205	-	61,228
Unified Planning Work Program FY12	20.505	-	5,574
Unified Planning Work Program FY13	20.505	-	24,873
Unified Planning Work Program FY14	20.505	-	21,018
Unified Planning Work Program FTA FY15	20.505	-	19,822
Pass-through Maryland Emergency Management Agency			
Hazardous Materials Emergency Preparedness (HMEP)	20.703	-	4,849
Hazardous Materials Emergency Preparedness (HMEP)	20.703	-	3,878
Pass-through Maryland Highway Safety Office			
Regional Traffic Safety FFY14	20.600	14-005	30,526
Regional Traffic Safety FFY15	20.600	15-008	<u>43,407</u>
Total U.S. Department of Transportation			<u>4 846 894</u>
U.S. DEPARTMENT OF EDUCATION			
Pass-through Maryland Family Network Inc.			
CCRC RTT Early Learning Challenge FY15	84.412	-	<u>33,750</u>
Total U.S. Department of Education			<u>33 750</u>
			<u>\$ 13 123 551</u>

Howard County, Maryland

Note to Schedule of Expenditures of Federal Awards June 30, 2015

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of the Howard County, Maryland under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the Howard County, Maryland, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Howard County, Maryland.

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

Howard County, Maryland

**Schedule of Findings and Questioned Costs
June 30, 2015**

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> 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 OMB Circular A-133?

<u> </u> Yes	<u> X </u> No
----------------	---------------

Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>	<u>Fiscal Year 6/30/2015 Expenditures</u>
U.S. Department of Labor	Cluster 17.258; 17.259; 17.278	<u>\$ 2,568,670</u>
U.S. Department of Transportation	20.509	<u>\$ 477,216</u>
U.S. Department of Transportation	Cluster 20.500; 20.507	<u>\$ 3,837,406</u>
U.S. Department of Homeland Security	97.067	<u>\$ 1,083,696</u>
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 379,168</u>

Auditee qualified as a low-risk auditee? Yes X No

Howard County, Maryland

**Schedule of Findings and Questioned Costs
June 30, 2015**

II. Financial Statement Findings

Material weaknesses

Finding No. 2015-001

Prior Period Adjustment

Condition

There were prior period adjustments related to proceeds from a bond issuance held in escrow for future use at June 30, 2014 were recorded as expenditures but not yet expended. An escrow has been recorded to the extent bond proceeds have not been expended. In addition, the County advanced funds to a component unit in prior years and did not record the amount due back as a receivable. Amounts received back have been recorded as revenue instead of a reduction of a receivable.

Criteria

The County did not properly track and record adjustments surrounding significant and nonrecurring transactions.

Cause

There is a lack of sufficient controls in place to ensure accounting adjustments surrounding significant and nonrecurring transactions are recorded properly.

Effect

The County's expenditures, escrows, accounts receivables and revenue were materially misstated prior to the adjustments made.

Questioned Costs

There are no questioned costs.

Recommendations

Management should review its internal controls, including the review and approval of accounting adjustments, surrounding significant and nonrecurring transactions to protect against future material misstatements.

Views of Responsible Officials and Planned Corrective Actions

Management agrees with the recommendation. In conjunction with our preparation of interim financial statements, the Office of the Controller will be reviewing the posting of significant and nonrecurring transactions with management.

Howard County, Maryland

**Schedule of Findings and Questioned Costs
June 30, 2015**

III. Major Federal Award Findings and Questioned Costs

None

IV. Prior Audit Findings - Summary of Status

Finding No. 2014-001

Capital Assets

Condition

The June 30, 2014 financial statements of the County required material journal entries to properly reflect the capital assets.

Criteria

The County did not properly track and record capital assets.

Status

Cleared