

Frederick County, Maryland

**Schedule of Expenditures of Federal
Awards and Reports of Independent
Certified Public Accountants**

June 30, 2008

FREDERICK COUNTY, MARYLAND

Schedule of Expenditures of Federal
Awards and Reports of Independent
Certified Public Accountants

June 30, 2008

LINTON SHAFER WARFIELD & GARRETT, P.A.

Certified Public Accountants

Frederick, Maryland

FREDERICK COUNTY, MARYLAND

Schedule of Expenditures of Federal Awards
and Reports of Independent Certified Public Accountants

June 30, 2008

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**Report of Independent Certified 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***

Board of County Commissioners
Frederick County, Maryland

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 Frederick County, Maryland, as of and for the year ended June 30, 2008, which collectively comprise Frederick County, Maryland's basic financial statements and have issued our report thereon dated December 3, 2008. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Frederick County, Maryland's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Frederick County, Maryland's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Frederick County, Maryland's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects Frederick County, Maryland's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Frederick County, Maryland's financial statements that is more than inconsequential will not be prevented or detected by Frederick County, Maryland's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Frederick County, Maryland's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Frederick County, Maryland'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 that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of Frederick, County, Maryland, in a separate letter dated December 3, 2008.

This report is intended solely for the information and use of the audit committee, management, the Board of County Commissioners and 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.

Linton Shafer Warfield & Garrett, P.A.

December 3, 2008

March 18, 2009



Linton Shafer Warfield & Garrett, P.A.
Certified Public Accountants & Business Consultants

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**Report of Independent Certified Public Accountants on
Compliance with Requirements Applicable to Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133**

Board of County Commissioners
Frederick County, Maryland

Compliance

We have audited the compliance of Frederick County, Maryland with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Frederick 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 Frederick 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. Our audit does not provide a legal determination on Frederick County, Maryland's compliance with those requirements.

In our opinion, Frederick County, Maryland complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control over Compliance

The management of Frederick County, Maryland is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Frederick County, Maryland's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Frederick County, Maryland's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 Frederick County, Maryland, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 3, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Frederick County, Maryland's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the audit committee, management, the Board of County Commissioners, and 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.

Linton Shafer Warfield & Garrett, P.A.

December 3, 2008

March 18, 2009

Frederick County, Maryland
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture		
Pass-through programs from:		
State Department of Education:		
Child Care Food Program	10.558 \$	111,780
State Department of Human Resources:		
Temporary Food Assistance	10.568	<u>2,925</u>
Total U.S. Department of Agriculture	\$	<u>114,705</u>
U.S. Department of Housing and Urban Development		
Pass-through programs from:		
State Department of Housing and Community Development:		
Emergency Shelter Program	14.231 \$	24,752
Special Loan Program/Star	14.239	126,269
Mod-Rehab Program	14.856	129,617
Voucher Program	14.871	<u>4,622,198</u>
Total U.S. Department of Housing and Urban Development	\$	<u>4,902,836</u>
U.S. Department of the Interior - National Park Service		
Pass-through programs from:		
Maryland Historical Trust:		
Certified Local Government	15.904 \$	<u>750</u>
Total U.S. Department of the Interior - National Park Service	\$	<u>750</u>
U.S. Department of Justice		
Direct Programs:		
Alien Assistance Program	16.606 \$	72,787
Bullet Proof Vest Grant	16.607	<u>684</u>
	\$	<u>73,471</u>
Pass-through programs from:		
Governor's Office of Crime Control and Prevention:		
Byrne Justice Assistance Grant	16.738 \$	<u>116,008</u>
Pass-through programs from:		
State Department of Human Resources:		
Crime Victim Assistance	16.575 \$	<u>123,296</u>
Total U.S. Department of Justice	\$	<u>312,775</u>

Frederick County, Maryland
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Labor		
Pass-through programs from:		
Department of Labor, Licensing and Regulation:		
Trade Adjustment Assistance	17.245 \$	31,031
WIA Adult Program	17.258	117,015
WIA Youth Activities	17.259	136,634
WIA Dislocated Workers	17.260	<u>411,895</u>
Total U.S. Department of Labor	\$	<u>696,575</u>
U.S. Department of Transportation		
Pass-through programs from:		
State Department of Transportation:		
Bridge Projects	20.205 \$	1,814,530
Mass Transit Cluster:		
Mass Transit/Capital Outlay	20.507	1,367,353
Rural Public Transportation	20.509	<u>194,688</u>
	\$	<u>3,376,571</u>
Pass-through programs from:		
Maryland Emergency Management Agency:		
Hazardous Material Emergency Preparedness	20.703 \$	<u>1,724</u>
Total U.S. Department of Transportation	\$	<u>3,378,295</u>
National Foundation of the Arts and Humanities		
Pass-through programs from:		
Maryland Department of Education:		
Staff Development/Language Collection	45.310 \$	<u>71,076</u>
Total National Foundation of the Arts and Humanities	\$	<u>71,076</u>
U.S. Environmental Protection Agency		
Pass-through programs from:		
Maryland Department of the Environment:		
Lower Monocacy	66.460	<u>219,660</u>
Total U.S. Environmental Protection Agency	\$	<u>219,660</u>

Frederick County, Maryland
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Education		
Pass-through programs from:		
Dept of Rehabilitative Services:		
Department of Rehabilitative Serv Youth Grant	84.235 \$	<u>13,190</u>
Total U.S. Department of Education	\$	<u>13,190</u>
U.S. Department of Health and Human Services		
Direct Programs:		
Head Start	93.600 \$	<u>1,906,989</u>
Pass-through programs from:		
Maryland Office of Aging:		
Ombudsman Services for Older Individuals	93.042 \$	26,493
Aging Title IIIB	93.044	145,549
Aging Title IIIC	93.045	232,362
National Family Caregiver Support	93.052	258,650
Nutrition Services Incentive Program	93.053	37,805
Senior Health Insurance Program	93.779	14,816
Medicaid Waiver Program	n/a	<u>37,056</u>
	\$	<u>752,731</u>
Pass-through programs from:		
Maryland Department of Education:		
Temporary Assistance for Needy Families	93.558	310,740
Child Care & Development Block Grant	93.575	<u>33,537</u>
	\$	<u>344,277</u>
Pass-through programs from:		
Maryland Department of Human Resources:		
Temporary Assistance for Needy Families	93.558 \$	471,559
Child Support Enforcement	93.563	965,067
Family Support Center	93.590	<u>22,410</u>
	\$	<u>1,459,036</u>
Pass-through programs from:		
Maryland Alcohol and Drug Abuse Administration		
Block Grants for Prevention and Treatment of Substance Abus	93.959 \$	<u>6,000</u>
Total U.S. Department of Health and Human Services	\$	<u>4,469,033</u>

Frederick County, Maryland
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Homeland Security		
Direct Programs:		
Assistance to Firefighters	97.044 \$	<u>705,516</u>
Pass-through programs from:		
Maryland Emergency Management Agency:		
Emergency Management Performance	97.042 \$	65,455
Homeland Security Grant Program	97.067	524,331
Repetitive Flood Claims	97.092	<u>41,275</u>
	\$	<u>631,061</u>
Total U.S. Department of Homeland Security	\$	<u>1,336,577</u>
Total Expenditures of Federal Awards	\$	<u><u>15,515,472</u></u>

FREDERICK COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2008

(1) SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

All federal award programs operated by the County are included in the scope of the OMB Circular A-133 (revised), "Audits of States, Local Governments, and Non-Profit Organizations". The single audit was conducted in accordance with the provision of The Single Audit Act of 1984, as amended by the Single Audit Act Amendment of 1996, OMB Circular A-133 (revised) and OMB Circular A-133 Compliance Supplement (March 2008 revision), as well as in accordance with generally accepted auditing standards. Compliance testing of all general requirements, as described in the Compliance Supplement, was performed. Compliance testing of specific requirements was performed for the following major federal award programs. These programs represent 32.4 percent of total expenditures of federal awards, which satisfies the criteria for Frederick County, which was determined to be a "low risk" auditee.

MAJOR PROGRAMS

CFDA#	Grant Description	Fiscal Year 2008 Federal Expenditures
17.258	WIA Adult Program	\$ 117,015
17.259	WIA Youth Program	\$ 136,634
17.260	WIA Dislocated Workers	\$ 411,895
93.600	Head Start	\$ 1,906,989
93.558	Temporary Assistance for Needy Families	\$ 782,299
93.563	Child Support Enforcement	\$ 965,067
97.044	Assistance to Firefighters	\$ 705,516
	Total Expenditures	\$ 5,025,415

The Department of Health and Human Services has been designated as the County's oversight agency for the OMB Circular A-133 audit.

The Frederick County Board of Education and Frederick Community College, as legally separate component units of Frederick County Government, are excluded from the scope of this single audit. Independent single audits are conducted for each of these component units. In addition, the Frederick County Health Department is also excluded from the scope of this single audit as it is covered under the State of Maryland's Single Audit.

FREDERICK COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2008

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County Accounting Department maintains the primary accounting records for grant monies. The transactions of these grants and entitlements are reported in governmental funds of the County and are, therefore, accounted for on the modified accrual basis of accounting.

The County reports the status of direct federal funds received to the respective federal agencies using the standardized Financial Status Report (FSR) for all nonconstruction projects or programs. OMB Circular No. A-102 (Amended August 1997) provides that even though the Federal grantor agency requires accrual information, if the grantee's (Frederick County) accounting records are not normally kept on the accrual basis, the grantee is not required to convert its accounting system, but may develop the additional accrual information through analyzing documentation on hand. This is the procedure followed by Frederick County Government to prepare FSR's.

There is no standardized reporting procedure for the federal funds passed through by the State of Maryland. Reporting requirements vary depending upon the requirements of the State agency providing the funds.

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards has been presented to inform County officials, grantor agencies and other users of grant information of the sources and uses of federal grant funds for the period ended June 30, 2008. This schedule has been prepared in accordance with accounting principles generally accepted in the United States of America. This schedule contains relevant financial information as would be presented on an FSR or other financial report for the respective period. Because these financial statements are presented on the basis of accounting as described above, certain amounts will not agree with those reported in the governmental funds of the County in its basic financial statements.

FREDERICK COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2008

(3) DESCRIPTION OF MAJOR AWARDS

The funding received by the County is in the form of grants or loans. A grant is a contribution or gift of cash or other assets from another government to be used or expended for a specified purpose, activity, or facility. A loan from another government must be repaid over a specified period of time usually at a reduced rate of interest. The proceeds from a loan must also be expended for a specified purpose.

The following is a description of the major grants/loans received by Frederick County from the federal government and included in the Single Audit.

WORKFORCE INVESTMENT ACT CLUSTER

The Workforce Investment Act (WIA) Cluster is comprised of the Adult, Youth and Dislocated Worker Programs. These programs are authorized by the Workforce Investment Act of 1998; these are administered by the Federal Department of Labor.

The objectives of the Workforce Investment Act Cluster programs are to improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation's economy.

The programs are intended to be customer-focused, to help Americans access the tools they need to manage their careers through information and high quality services, and to help U.S. companies find skilled workers. Programs for adults and dislocated workers seek to improve employment, retention, and earnings of WIA participants and increase their educational and occupational skill attainment, thereby improving the quality of the workforce, reducing welfare dependency, and enhancing national productivity and competitiveness. Programs for youth activities seek to increase attainment of basic skills, work readiness or occupational skills, and secondary diplomas or other credentials.

HEAD START PROGRAM (93.600)

The Head Start Program was authorized through the Community Opportunities, Accountability, Training and Educational Services Act of 1998, Title I, Section 101-119, Public Law 105-285. The program is administered by the U.S. Department of Health and Human Services.

FREDERICK COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2008

HEAD START PROGRAM (93.600) (continued)

The objectives of the program are to promote school readiness by enhancing the social and cognitive development of low-income children, including children on federally recognized reservations and children of migratory farm workers, through the provision of comprehensive health, educational, nutritional, social and other services; and to involve parents in their children's learning and to help parents make progress toward their educational, literacy and employment goals. Head Start also emphasizes the significant involvement of parents in the administration of their local Head Start programs.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (93.558)

The objectives of the State and Tribal TANF programs are to provide time-limited assistance to needy families with children so that the children can be cared for in their own homes or in the homes of relatives; end dependence of needy parents on government benefits by promoting job preparation, work, and marriage; prevent and reduce out-of-wedlock pregnancies, including establishing prevention and reduction goals; and encourage the formation and maintenance of two-parent families. This program replaced the Aid to Families with Dependent Children (AFDC), Job Opportunities and Basic Skills Training (JOBS), and Emergency Assistance (EA) programs.

CHILD SUPPORT ENFORCEMENT (93.563)

Child Support Enforcement Grants are authorized by the Social Security Act, Title IV-D as amended. The Child Support Enforcement programs are administered at the Federal level by the Office of Child Support Enforcement (OCSE), Administration for Children and Families (ACF), a component of the Department of Health and Human Services (HHS).

The objectives of the Child Support Enforcement programs are to: (1) enforce support obligations owed by non-custodial parents, (2) locate absent parents, (3) establish paternity, and (4) obtain child and spousal support.

FREDERICK COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2008

ASSISTANCE TO FIREFIGHTERS (97.004)

The primary goal of the Assistance to Firefighters Grants (AFG) is to meet the firefighting and emergency response needs of fire departments and nonaffiliated emergency medical services organizations. Since 2001, AFG has helped firefighters and other first responders to obtain critically needed equipment, protective gear, emergency vehicles, training, and other resources needed to protect the public and emergency personnel from fire and related hazards. The Grant Programs Directorate of the Federal Emergency Management Agency administers the grants in cooperation with the U.S. Fire Administration. For fiscal year 2005, Congress reauthorized the Assistance to Firefighters Grants for an additional 5 years through 2010.

(4) FINDINGS AND RECOMMENDATIONS

Any findings of noncompliance identified in connection with the 2008 Single Audit are disclosed in the Schedule of Findings and Questioned Costs. The Grantee's responses are included in the Schedule of Findings and Questioned Costs.

In addition, the findings reported in the 2007 Single Audit are disclosed in the accompanying Summary Schedule of Prior Year Findings and Questioned Costs.

FREDERICK COUNTY, MARYLAND
Schedule of Findings and Questioned Costs
For the year ended June 30, 2008

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Frederick County, Maryland.
2. No significant deficiencies in internal control were noted during the audit of the basic financial statements.
3. No instances of noncompliance material to the basic financial statements of Frederick County, Maryland, were disclosed during the audit.
4. No reportable conditions in internal control over major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Frederick County, Maryland, expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Frederick County, Maryland are reported in this Schedule.
7. The programs tested as major programs included:

WIA Cluster	17.258, 17.259 and 17.260
Head Start	93.600
Temporary Assistance for Needy Families	93.558
Child Support Enforcement	93.563
Assistance to Firefighters	97.044
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Frederick County, Maryland, was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

FREDERICK COUNTY, MARYLAND
Summary Schedule of Prior Year Findings and Questioned Costs
For the year ended June 30, 2008

A. FINDINGS – FINANCIAL STATEMENT AUDIT

None

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None