

COMMISSIONERS OF ST. MARY'S COUNTY

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

For the Year Ended June 30, 2019



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JUNE 30, 2019

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Commissioners of St. Mary's County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Commissioners of St. Mary's (the County) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

In our opinion, based on our audit and the report of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, of the County, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required supplementary information, and budget and actual schedules, as individually listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, required supplementary information, and budget and actual schedules as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements, schedule of revenues and other financing sources, schedule of unexpended appropriations for capital projects, and schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Owings Mills, Maryland
December 20, 2019



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Commissioners of St. Mary's County

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Commissioners of St. Mary's (the County) as of and for the year ended June 30, 2019, 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 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Owings Mills, Maryland
December 20, 2019

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Commissioners of St. Mary's County

Report on Compliance for Each Major Federal Program

We have audited the Commissioners of St. Mary's County's (the County) compliance of with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2019. The County's major Federal program is identified in the summary of independent public accountants' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the compliance 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.

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.



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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, 2019.

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 as a basis for designing 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Owings Mills, Maryland
March 17, 2020

A handwritten signature in black ink that reads "SB & Company, LLC". The signature is written in a cursive, flowing style.

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Department of Defense				
Basic and Applied Scientific Research	12.300	Unknown	\$ 572,941	\$ 572,941
Department of Housing and Urban Development				
<u>Pass through the Maryland Department of Housing and Community Development</u>				
Emergency Solutions Grant Program	14.231	Unknown	12,080	12,080
Community Development Block Grants	14.225	MD-18-CD-01	93,297	-
Total Department of Housing and Urban Development			<u>105,377</u>	<u>12,080</u>
Department of the Interior				
Coastal Wetlands Planning, Protection and Restoration	15.614	Unknown	2,069,167	-
Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0690	18,253	-
	16.738	BJAG-2016-0022	39,780	-
	16.738	2018-DJ-BX-0312	18,858	-
Total Department of Justice			<u>76,891</u>	<u>-</u>
Department of Transportation				
<u>Pass through the Maryland Department of Transportation, Maryland Aviation Administration</u>				
Airport Improvement Program	20.106	3-24-022-017-2012	13,979	-
	20.106	3-24-022-019-2013	536	-
	20.106	3-24-022-021-2015	19,239	-
	20.106	3-24-022-022-2016	383,205	-
	20.106	3-24-022-023-2016	55,902	-
	20.106	3-24-022-024-2017	187,065	-
	20.106	3-24-022-025-2017	127,617	-
<u>Pass through the Maryland Department of Transportation, Maryland Transit Administration</u>				
Federal Trust Formula Grants	20.507	SM215307C2019	59,354	-
	20.507	SM215311C2019	41,246	-
	20.507	SM21530702019	444,169	-
Formula Grants for Rural Areas	20.509	SM21531102019	308,660	-
<u>Pass through the Maryland Department of Transportation, Maryland State Highway Administration</u>				
State and Community Highway Safety	20.600	LE-St. Mary's Co Sheriff 2018	1,415	-
	20.600	LE-St. Mary's Co Sheriff 2019 (231- 234/292)	5,631	-
National Priority Safety Programs	20.616	LE-St. Mary's Co Sheriff 2018	1,140	-
	20.616	LE-St. Mary's Co Sheriff 2019 (231- 234/292)	6,563	-
	20.616	GN-19-275	9,510	-
Total Department of Transportation			<u>1,665,232</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

COMMISSIONERS OF ST. MARY'S COUNTY

Schedule of Expenditures of Federal Awards (continued) For the Year Ended June 30, 2019

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Department of Health and Human Services				
<u>Pass through the Maryland Department of Health and Human Services</u>				
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care				
Ombudsman Services for Older Individuals	93.042	18AAMDT7OM	\$ 1,191	\$ -
	93.042	1901MDOAOM	2,155	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	18AAMDT3PH	4,909	-
	93.043	1901MDOAPH	4,357	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	18AAMDT3SS	28,203	-
	93.044	1901MDOASS	64,610	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	18AAMDT3CM	35,473	-
	93.045	18AAMDT3HD	24,979	-
	93.045	1901MDOACM	79,050	-
	93.045	1901MDOAHD	22,429	-
Special Programs for the Aging, Title IV and Title II Discretionary Projects	93.048	65342019/17	2,154	-
	93.048	65342020/17	249	-
National Family Caregiver Support, Title III, Part E	93.052	18AAMDT3FC	11,375	-
	93.052	1901MDOAFC	31,021	-
Nutrition Services Incentive Program	93.053	18AAMDNSIP	33,444	-
Medicare Enrollment Assistance Program	93.071	1701MDMISH-01	308	-
	93.071	1701MDMIAA-01	1,414	-
	93.071	1701MDMIDR-01	1,080	-
	93.071	1801MDMISH-00	2,378	-
	93.071	1801MDMIAA-00	755	-
State Health Insurance Assistance Program	93.324	ST-651519/17	11,162	-
	93.324	6515	3,708	-
<u>Pass through the Maryland Department of Human Resources</u>				
Child Support Enforcement	93.563	CSEA/CRA-18-021	105,283	-
	93.563	CSEA/CRA-18-022	67,194	-
	93.563	CSEA/CRA-18-040	1,968	-
	93.563	CSEA/CRA-19-021	289,816	-
	93.563	CSEA/CRA-18-022	225,797	-
	93.563	CSA/CRA-19-040	4,812	-
Medical Assistance Program	93.778	Unknown	65,975	-
	93.778	Unknown	89,489	-
Total Department of Health and Human Services			1,216,739	-
Corporation for National and Community Service				
Retired and Senior Volunteer Program	94.002	16SRAMD002	43,511	-
	94.004	19SRAMD003	23,909	-
Total Corporation for National and Community Service			67,420	-
Executive Office of the President				
High Intensity Drug Trafficking Areas Program	95.001	HIDTA G19WB00041	3,750	-
Department of Homeland Security				
<u>Pass through the Maryland Emergency Management Agency</u>				
Emergency Management Performance Grants	97.042	EMW-2018-EP-00002-S01	91,530	-
Homeland Security Grant Program	97.067	EMW-2016-SS-00008-SHSP	2,852	-
	97.067	EMW-2017-SS-00019	42,319	-
	97.067	EMW-2018-SS-00023SHSP	79,427	-
Total Department of Homeland Security			216,128	-
Total Expenditures of Federal Awards			\$ 5,993,645	\$ 585,021

The accompanying notes are an integral part of this schedule.

COMMISSIONERS OF ST. MARY'S COUNTY

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of the Commissioners of St. Mary's County (the County) are included in the scope of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Single Audit or Uniform Guidance). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant program noted below. The programs on the accompanying schedule of expenditures of Federal awards represent all Federal award programs and other grants with fiscal year 2019 cash or non-cash expenditure activities. For our Single Audit testing, we tested the Federal award program with 2019 cash and non-cash expenditures to ensure coverage of at least 20% of Federally granted funds. Our actual coverage was 35%.

Expenditures reported on the schedule of expenditures of Federal awards (the Schedule) are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

<u>Major Program</u>	<u>CFDA No.</u>	<u>Federal Expenditures</u>
Coastal Wetlands Planning, Protection and Restoration	15.614	<u>\$ 2,069,167</u>

2. BASIS OF PRESENTATION

The accompanying Schedule includes the Federal award activity of the County and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of the cost principles contained in the Uniform Guidance.

COMMISSIONERS OF ST. MARY’S COUNTY

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Section I - Summary of Independent Public Accountants’ Results

Financial Statements

Type of report of independent public accountants issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies)?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Type of report of independent public accountants issued on compliance for major program	Unmodified
Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies)?	None Reported
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of Uniform Guidance?	No

Major Program	CFDA No.	Federal Expenditures
Coastal Wetlands Planning, Protection and Restoration	15.614	<u>\$ 2,069,167</u>
Threshold for distinguishing between Type A and B programs		\$ 750,000
Does the County qualify as a low risk auditee?		Yes

COMMISSIONERS OF ST. MARY'S COUNTY

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings

None noted.

COMMISSIONERS OF ST. MARY'S COUNTY

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2019**

There were no findings noted in the June 30, 2018 single audit report.