

HARFORD COUNTY, MARYLAND

REPORT ON SINGLE AUDIT

YEAR ENDED JUNE 30, 2017

**HARFORD 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

To the Honorable members of the County Council
Harford 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 Harford County, Maryland (the County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 6, 2017. Our report includes a reference to other auditors who audited the financial statements of Harford County Public Schools, Harford County Public Library, and the Harford Center, Inc., 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 control over financial reporting or compliance and other matters that are reported on separately by those auditors. This report does not include the results of our testing of internal control over financial reporting or compliance and other matters for Harford Community College as we have issued a separate report for Harford Community College. The financial statements of the Harford Center, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Harford Center, Inc.

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.

To the Honorable members of the County Council
Harford County, Maryland

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

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*.

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
October 6, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable members of the County Council
Harford County, Maryland

Report on Compliance for Each Major Federal Program

We have audited Harford 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, 2017. 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 Harford County Public Schools, Harford Community College, Harford County Public Library, and the Harford Center, Inc., discretely presented component units. Federal awards received by these discretely presented component units are not included in the County's schedule of expenditures of federal awards for the year ended June 30, 2017. Our audit, described below, did not include the operations of these discretely presented component units.

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.

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 the 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.

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.

To the Honorable members of the County Council
Harford County, Maryland

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, 2017.

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.

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.

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, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of the County, as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 6, 2017, 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

To the Honorable members of the County Council
Harford County, Maryland

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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
February 26, 2018

**HARFORD COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

<u>Federal Agency</u>	<u>Federal Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency</u>	<u>Pass-Through/ Grantor Number</u>	<u>Total Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
Department of Commerce	Coastal Zone Management Estuarine Research Reserves	11.420	Maryland Department of Natural Resources	14-16-2115 CBR134, 14-17-2218 CBR163	\$ 51,084	\$ -
Department of Housing and Urban Development	Housing Counseling Assistance Program	14.169	NA	NA	23,626	-
	Community Development Block Grants/Entitlement Grants	14.218	NA	NA	1,180,742	-
	Emergency Solutions Grant Program	14.231	NA	NA	176,928	-
	Home Investment Partnerships Program	14.239	NA	NA	197,735	-
	Housing Opportunities for Persons with AIDS	14.241	Mayor and City Council of Baltimore	37063, 37513	128,146	-
	Continuum of Care Program	14.267	NA	NA	536,670	-
	Federal Voucher Cluster					
	Section 8 Housing Choice Vouchers	14.871	NA	NA	8,938,401	-
	Mainstream Vouchers	14.879	NA	NA	274,677	-
			Cluster total		<u>9,213,078</u>	<u>-</u>
	Family Self-Sufficiency Program	14.896	NA	NA	2,288	-
Department of the Interior	U.S. Geological Survey-Research and Data Collection	15.808	NA	NA	16,356	-
Department of Justice	Crime Victim Assistance	16.575	Governors Office of Crime Control and Prevention	VOCA-2015-2206, VOCA-2016-0015	39,607	-
	State Criminal Alien Assistance Program	16.606	Governors Office of Crime Control and Prevention	2016-AP-BX-0752	15,862	-
	Edward Byrne Memorial Justice Assistance Grant Program	16.738	NA	NA	25,232	-
	Improving the Investigation and Prosecution of Child Abuse and the Regional and Local Children's Advocacy Centers	16.758	Maryland Children's Alliance	BELA-MD-SA15	9,000	-
	Equitable Sharing Program	16.922	NA	NA	259,442	-

**HARFORD COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017
(CONTINUED)**

Federal Agency	Federal Program	CFDA Number	Pass-Through Agency	Pass-Through/ Grantor Number	Total Federal Expenditures	Passed Through to Subrecipients	
Department of Labor	WIA/WIOA Cluster						
		WIA/WIOA Adult Program	17.258	Maryland Department of Labor, Licensing and Regulation	P00P64SQ040-A	376,279	376,279
		WIA/WIOA Youth Activities	17.259	Maryland Department of Labor, Licensing and Regulation	P00P64SQ010-B	453,960	453,960
		WIA/WIOA Dislocated Worker Formula Grants	17.278	Maryland Department of Labor, Licensing and Regulation	P00P64SQ010-C, P00P64SQ040-C	747,492	747,492
				Cluster total		<u>1,577,731</u>	<u>1,577,731</u>
Department of Transportation	Highway Planning and Construction	20.205	State Highway Administration	HA370CM2, HA342ZM2, HA342B21, HA369B21, HA398ZM1, HA415ZM1, BCS201016F	616,641	-	
	National Motor Carrier Safety	20.218	State Highway Administration	CMV-2016, CMV- 2017	24,806	-	
	Federal Transit Cluster						
	Capital Investment Grants	20.500	Maryland Transportation Authority	HA015307C2013, HA015307C2014, HA015307C2016, HA015339C2016, HA015307C2017, HA015339C2017, HA015307O2016, MD-95-CM-	82,973	-	
	Formula Grants	20.507	Maryland Transportation Authority	17	1,056,964	-	
			Cluster total		<u>1,139,937</u>	<u>-</u>	
	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	Baltimore Metropolitan Council	FY2016UPWP, FY2017UPWP	132,317	-	
	State and Community Highway Safety Cluster State and Community Highway Safety	20.600	Maryland Vehicle Administration	LE 2016-071, LE 17-062	138,832	-	
	National Priority Safety Programs	20.616	Maryland Vehicle Administration	GN-HARFORD-2016-095, GN- HARFORD-2017-042	51,349	-	
			Cluster total		<u>190,180</u>	<u>-</u>	
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	Maryland Emergency Management Agency	HM-HMP-0398-14-01, HM- HMP-0546-16-01	11,192	-		

**HARFORD COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017
(CONTINUED)**

Federal Agency	Federal Program	CFDA Number	Pass-Through Agency	Pass-Through/ Grantor Number	Total Federal Expenditures	Passed Through to Subrecipients
Department of the Treasury	Forfeiture Funds	21.000	NA	NA	21,499	-
Environmental Protection Agency	Congressionally Mandated Projects	66.202	Maryland Department of the Environment	96314301	350,154	-
	Chesapeake Bay Program	66.466	Chesapeake Bay Trust Maryland Department of the Environment	13425 U00P5400715	28,524	-
Department of Health and Human Services	Special Programs for the Aging, Title VII, Long Term Care Ombudsman Services for Older Individuals	93.042	Maryland Department of Aging	AAA-3-24-011	45,955	-
	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	Maryland Department of Aging	AAA-3-24-011	13,233	-
	Special Programs for the Aging Cluster					
	Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	Maryland Department of Aging	AAA-3-24-011	153,826	-
	Title III, Part C, Nutrition Services	93.045	Maryland Department of Aging	AAA-3-24-011	352,202	-
			Cluster total		<u>506,029</u>	<u>-</u>
	Special Programs for the Aging, Title IV and Title II, Discretionary Projects	93.048	Maryland Department of Aging	ST-6534-011	3,567	-
	National Family Caregiver Support, Title III, Part E	93.052	Maryland Department of Aging	AAA-3-24-011	57,730	-
	Medicare Enrollment Assistance Program	93.071	Maryland Department of Aging	ST-6517-011, AAA-653717-11	10,407	-
	Child Support Enforcement	93.563	Maryland Department of Human Resources	CSEA/CRA-16-046, CSEA/CRA-16-016, CSEA/CRA-17-046, CSEA/CRA-17-016	1,332,170	-
	Grants to States for Access and Visitation Programs	93.597	Maryland Department of Human Resources	OGM/AV-16-001	50,031	-
	Children's Justice Grants to States	93.643	Governor's Office of Crime Control and Prevention	CJAC-2016-009, CJAC-2015-1302	15,881	-

**HARFORD COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017
(CONTINUED)**

<u>Federal Agency</u>	<u>Federal Program</u>	<u>CFDA Number</u>	<u>Pass-Through Agency</u>	<u>Pass-Through/ Grantor Number</u>	<u>Total Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
	Medical Assistance Program	93.778	Maryland Department of Aging	552217000, ST-6540	6,453	-
	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	Maryland Department of Aging	APD-17-14, ST-6515-011	7,331	-
	Block Grants for Prevention and Treatment of Substance Abuse	93.959	Maryland Department of Human Resources	AS304OMP	88,471	-
Executive Office of the President	High Intensity Drug Trafficking Areas Program	95.001	NA	NA	46,754	-
Department of Homeland Security	Non-Profit Security Program	97.008	Maryland Emergency Management Agency	16-SR 8849-03	76,275	-
	Disaster Grants - Public Assistance	97.036	Maryland Emergency Management Agency	PW#181, PW#260, PW#262, PW#290, PW#308, PW#362	1,072,834	-
	Hazard Mitigation Grant	97.039	Maryland Emergency Management Agency	DR-4170-MD-013, DR-4091-MD-017	7,689	-
	Emergency Management Performance Grants	97.042	Maryland Emergency Management Agency	15-SR 8849-01, 16-SR 8849-01	138,237	-
	Homeland Security Grant Program	97.067	Maryland Emergency Management Agency	15-SR 8849-03, 15-SR 8849-01, 16-SR 8849-02, 16-SR 8849-03	778,512	-
Total Federal Awards Expended					\$ 20,226,332	\$ 1,577,731

HARFORD COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Harford County, Maryland (the County) for the year ended June 30, 2017.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all Federal grants to the County that had activity during the fiscal year ended June 30, 2017. The Schedule was prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

NOTE 2 INDIRECT COSTS

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

NOTE 3 LOAN PROGRAM

The County has a loan program to provide low-interest loans to businesses for housing for low to moderate income persons. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County. The Schedule reports loans made and administrative costs as disbursements on the Schedule, as management has determined that the loans do not have continuing compliance requirements. The loans were disbursed under CFDA 14.218 and the outstanding loan balance as of June 30, 2017 was \$538,106.

**HARFORD COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	X	No
Significant deficiency(ies) identified that is not considered to be a material weakness.	_____	Yes	X	None reported
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 is not considered to be a material weakness.	_____	Yes	X	None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)??	_____	Yes	X	No
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Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Housing Voucher Cluster	14.871/14.879
Disaster Grants - Public Assistance	97.036
Dollar threshold used to distinguish between type A and type B programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	X Yes _____ No

**HARFORD COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017**

II. FINANCIAL STATEMENT FINDINGS

There were no audit findings required to be reported in relation to the financial statements for the year ended June 30, 2017.