



ANNUAL FINANCIAL REPORT  
(SINGLE AUDIT)

**HOWARD COUNTY, MARYLAND**

JUNE 30, 2007

Howard County, Maryland

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Members of the County Council  
Howard County, Maryland

Compliance

We have audited the compliance of Howard 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, 2007. Howard County, Maryland's major federal programs are identified in the summary of auditors' results section in 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 Howard County, Maryland's management. Our responsibility is to express an opinion on Howard County, Maryland'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 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. Our audit does not provide a legal determination on Howard County, Maryland's compliance with those requirements.

In our opinion, Howard 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, 2007.

### Internal Control Over Compliance

The management of Howard 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 Howard County, Maryland's internal control over compliance with the 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 Howard 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 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 results 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 Howard County, Maryland (the County) as of and for the year ended June 30, 2007, which collectively comprise the County's basic statements, and have issued our report thereon dated November 16, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the

County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the 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 County, management 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.

Baltimore, Maryland  
January 30, 2008

Howard County, Maryland

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2007

Federal Program	Federal Catalog Number	Contract/Grant Number	Federal Expenditures
<b>EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</b>			
Fair Employment Practices Agency Contracts	30.002	7FLSLP0067	\$ 35,217
<b>Total Equal Employment Opportunity Commission</b>			<u>35,217</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Cooperative Forestry Assistance	10.664	01-DG-11244225-243	13,575
<b>Pass-through Maryland Department of Aging:</b>			
Commodity Supplemental Food Program	10.565	AAA-012	13,114
<b>Pass-through Maryland Department of Human Resources:</b>			
Emergency Food Assistance Program	10.568	CSA/FNS 03-014	<u>3,215</u>
<b>Total U.S. Department of Agriculture</b>			<u>29,904</u>
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
<b>Pass-through Maryland Department of Human Resources:</b>			
Child Support Enforcement	93.563	CSEA/CR-05-050	55,302
Foster Care Title IV E	93.658	None	113,766
<b>Pass-through Maryland Department of Aging:</b>			
Special Programs For The Aging Title VII, Chapter 3	93.041	3-24-AAA-009	10,707
Special Programs For The Aging Title III, Part D	93.043	3-24-AAA-009	17,600
Special Programs For The Aging Title III, Part B	93.044	3-24-AAA-009	140,504
Special Programs For The Aging Title III, Part C	93.045	3-24-AAA-009	220,711
Special Programs For The Aging Title IV & Title II	93.048	90AM2755	57,839
National Family Caregiver Support Title III, Part E	93.052	3-24-AAA-009	82,445
Medical Assistance Program	93.778	ST-2217-009	317,261
<b>Pass-through Maryland Department of Health &amp; Mental Hygiene:</b>			
Investigations and Technical Assistance	93.283	6-9000G	<u>7,000</u>
<b>Total U.S. Department of Health &amp; Human Services</b>			<u>1,023,135</u>

(continued)

## Howard County, Maryland

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

June 30, 2007

Federal Program	Federal Catalog Number	Contract/Grant Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Pass-through Maryland Emergency Management:</b>			
Hazardous Materials Training Program	97.020	None	13,310
Homeland Security Grant Program	97.067	None	1,827,120
Buffer Zone Protection Program	97.078	None	74,693
<b>Total U.S. Department of Homeland Security</b>			<b>1,915,123</b>
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>			
Community Development Block Grant	14.218	B05UC24-0012	1,015,298
Supportive Housing Program	14.235	MD06B504-001	259,669
Supportive Housing Program	14.235	MD06B504-002	191,212
Supportive Housing Program	14.235	MD06B504-003	51,552
HOME Investment Partnerships Program	14.239	M05UC24-0203	167,972
CDBG/Brownfields Economic Development Initiative	14.246	B04SPMD-0319	32,562
<b>Pass-through Maryland Housing and Community Development:</b>			
Emergency Shelter Grant Program	14.231	S-06-DC-24-0001	34,426
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<b>1,752,691</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Asset Forfeiture/Equitable Sharing Program	16.000	None	283,639
Missing Children's Assistance	16.543	ElliCity-128-PS06	3,938
Violence Against Women	16.588	2006-WE-AX-0062	125,883
Local Law Enforcement Block Grant Program	16.592	2004-LBBX-0070	80
"COPS" Technology Grant	16.710	2005-CKWX-0271	12,046
Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJBX-0263	32,844
Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJBX-2085	7,198
Anti-Gang Initiative	16.744	MD-G-37-1494	3,447
<b>Pass-through Maryland Department of Human Resources:</b>			
Crime Victim Assistance	16.575	CSA/CVA 07-002	36,929
Crime Victim Assistance	16.575	CSA/CAC-06-011	30,809

(continued)

Howard County, Maryland

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

June 30, 2007

Federal Program	Federal Catalog Number	Contract/Grant Number	Federal Expenditures
<b>Pass-through Governor's Office of Crime Control and Prevention:</b>			
Violence Against Women	16.588	VAWA-2005-1051	32,010
Byrne Memorial Grant Program	16.579	BYRN-2003-1043	4,779
<b>Total U.S. Department of Justice</b>			<b>573,602</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
<b>Pass-through Maryland Department of Labor, Licensing and Regulation:</b>			
Trade Adjustment Assistance	17.245	P00B6200166	79,276
Healthcare Training Program	17.257	P00B5200416	559
Workforce Investment Act - Adult Program	17.258	P00B6200008	14,222
Workforce Investment Act - Adult Program	17.258	P00B7200008	101,067
Workforce Investment Act - Adult Program	17.258	P00B6200030	46,470
Workforce Investment Act - Adult Program	17.258	P00B6200031	4,443
Workforce Investment Act - Youth Activities	17.259	P00B6200030	31,369
Workforce Investment Act - Youth Activities	17.259	P00B6200032	33,733
Workforce Investment Act - Youth Activities	17.259	P00B6200008	20,664
Workforce Investment Act - Youth Activities	17.259	P00B7200008	19,456
Workforce Investment Act - Dislocated Workers	17.260	P00B5200105	53,932
Workforce Investment Act - Dislocated Workers	17.260	P00B6200008	3,149
Workforce Investment Act - Dislocated Workers	17.260	P00B6200030	63,732
Workforce Investment Act - Dislocated Workers	17.260	P00B6200090	13,592
Workforce Investment Act - Dislocated Workers	17.260	P00B7200008	75,670
<b>Total U.S. Department of Labor</b>			<b>561,334</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>Pass-through Maryland Department of Transportation:</b>			
Highway Planning & Construction	20.205	HO-755ZM2	194,089
Highway Planning & Construction	20.205	TEA-21	95,795
Highway Planning & Construction	20.205	UPWP-MOU	98,362
Transit Formula Grant	20.507	MD-90-9085	105,010
Grants For Other Than Urbanized Areas	20.509	MD-18-4023	43,703
Job Access Reverse Commute	20.516	MD-37-4006	275,978
<b>Total U.S. Department of Transportation</b>			<b>812,937</b>

(continued)

Howard County, Maryland

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

June 30, 2007

Federal Program	Federal Catalog Number	Contract/Grant Number	Federal Expenditures
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<b>Pass-through Maryland Department of Natural Resources:</b>			
Nonpoint Source Implementation Grants	66.460	14-04-905-EPA-057	40,506
<b>Total U.S. Environmental Protection Agency</b>			40,506
			<u>\$ 6,744,449</u>

See notes to schedule of federal expenditures

Howard County, Maryland

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2007

NOTE 1 - SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

All federal financial assistance programs operated by Howard County, Maryland, are included in the scope of the OMB Circular A-133 audit. This Single Audit was conducted in accordance with the provisions of the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Compliance testing of all specific requirements, as described in the Compliance Supplement was performed. Compliance testing of specific requirements was performed for the following major federal financial assistance program. These programs covered 51% of total federal financial assistance program expenditures.

<u>Grant Description</u>	<u>CFDA Number</u>	<u>Fiscal Year 2007 Expenditures</u>
US Department of Health and Human Services - Community Development Block Grants	14.218	\$ 1,015,298
Department of Labor, Licensing and Regulation - Workforce Investment Area (Cluster)	17.258; 17.259 and 17.260	481,499
Department of Transportation - Transit Formula Grant	20.507	105,010
Department of Homeland Security (Cluster)	97.067	<u>1,827,120</u>
		<u><u>\$ 3,428,927</u></u>

NOTE 2 - FISCAL PERIOD AUDITED

Single Audit testing procedures were performed for program transactions occurring during the fiscal year ended June 30, 2007.

Howard County, Maryland

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2007

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Howard County, Maryland.
2. No significant deficiencies were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Howard County, Maryland, were disclosed during the audit.
4. No significant deficiencies were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Howard County, Maryland, expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Howard County, Maryland.
7. The programs tested as major programs include: (See note 1 to Schedule of Expenditures of Federal Awards.)
8. The threshold for distinguishing type A and B programs was \$300,000.
9. Howard County, Maryland, was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONE