

# **WORCESTER COUNTY, MARYLAND**

## COMPLIANCE REPORT

June 30, 2022

# WORCESTER 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**

County Commissioners of  
Worcester County, Maryland  
Snow Hill, 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 unit, each major fund, and the aggregate remaining fund information of Worcester County, Maryland, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Worcester County, Maryland's basic financial statements, and have issued our report thereon dated December 30, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Worcester County, Maryland's internal control over financial reporting (internal control) as a basis for designing 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 Worcester County, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of Worcester County, Maryland'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 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.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Worcester County, Maryland'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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for UHY LLP is written in a stylized, cursive font. The letters 'UHY' are larger and more prominent, with 'LLP' following in a smaller, similar script.

Salisbury, Maryland  
December 30, 2022

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

County Commissioners of  
Worcester County, Maryland  
Snow Hill, Maryland

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Worcester County, Maryland's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Worcester County, Maryland's major federal programs for the year ended June 30, 2022. Worcester County, Maryland's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Worcester 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, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Worcester County, Maryland and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Worcester County, Maryland's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Worcester County, Maryland's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Worcester County, Maryland's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Worcester County, Maryland's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Worcester County, Maryland's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Worcester County, Maryland's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Worcester County, Maryland, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Worcester County, Maryland's basic financial statements. We issued our report thereon dated December 30, 2022, which contained unmodified opinions on those financial statements. Our audit was performed 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 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 financial statements as a whole.

The logo for UHY LLP, featuring the letters 'UHY' in a large, stylized, handwritten font, with 'LLP' in a smaller, simpler font to the right.

Salisbury, Maryland  
December 30, 2022, except for the Schedule of  
Expenditures of Federal Awards, which is dated  
March 22, 2023

**WORCESTER COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2022**

Description	Federal Assistance Listing Number	Grant Number	Federal Expenditures	Amount Provided to Subrecipients
<b>Department of Health and Human Services</b>				
<i>Passed through State of Maryland Department of Human Resources'</i>				
<i>Child Support Enforcement Administration:</i>				
Child Support Enforcement	93.563	CSEA/CRA-20-044	\$ 6,850	\$ -
<b>Total Child Support Enforcement</b>			<b>6,850</b>	<b>-</b>
<i>Passed through Wicomico County, Maryland:</i>				
Promoting Positive Outcomes for Infant & Toddlers (Grant#210685)	93.434	90TP0064	3,000	-
<b>Total Preschool Development Grants</b>			<b>3,000</b>	<b>-</b>
<b>Total Department of Health &amp; Human Services</b>			<b>9,850</b>	<b>-</b>
<b>Department of Housing and Urban Development</b>				
<i>Passed through Maryland Department of Housing and Community Development:</i>				
COVID-19 Community Development Block Grant (COVID Round 2)	14.228	CV-2-17	15,778	15,778
Community Development Block Grant (Housing Rehab)	14.228	MD-20-CD-22	159,493	-
<b>Total Community Development Block Grants</b>			<b>175,271</b>	<b>15,778</b>
<b>Total Department of Housing and Urban Development</b>			<b>175,271</b>	<b>15,778</b>
<b>Department of Homeland Security</b>				
<i>Passed through Maryland Emergency Management Agency:</i>				
COVID-19 Emergency Management Performance Grant - COVID-19 Supplemental	97.042	EMP-2020-EP-00009-S01	21,225	-
Emergency Management Performance Grant	97.042	EMP-2021-EP-00003-S01	74,322	-
<b>Total Emergency Management Performance Grants</b>			<b>95,547</b>	<b>-</b>
<i>Passed through Maryland Emergency Management Agency:</i>				
State Homeland Security Program (20-SR-8861-03)	97.067	EMW-2020-SS-00010-S01	2,569	-
State Homeland Security Program (21-SR 8861-03 )	97.067	EMW-2021-SS-00047-S01	49,974	-
<b>Total State Homeland Security Program</b>			<b>52,543</b>	<b>-</b>
<b>Total Department of Homeland Security</b>			<b>148,090</b>	<b>-</b>

**WORCESTER COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2022**

Description	Federal Assistance Listing Number	Grant Number	Federal Expenditures	Amount Provided to Subrecipients
<b><u>Environmental Protection Agency</u></b>				
<i>Passed through Department of the Environment:</i>				
Bathing Beach Monitoring Grant	66.472	U00P9400836	\$ 3,261	\$ -
<b>Total Bathing Beach Monitoring Grant</b>			<b>3,261</b>	<b>-</b>
<b>Total Environmental Protection Agency</b>			<b>3,261</b>	<b>-</b>
<b><u>Department of the Interior</u></b>				
<i>Passed through the Bureau of Land Management:</i>				
Federal Payments in Lieu of Taxes (PILT)	15.226	N/A	21,553	-
<b>Total Federal Payments in Lieu of Taxes (PILT)</b>			<b>21,553</b>	<b>-</b>
<b>Total Department of the Interior</b>			<b>21,553</b>	<b>-</b>
<b><u>Department of Transportation</u></b>				
<i>Pass through Maryland Department of Transportation :</i>				
<i>Highway Safety Cluster:</i>				
Maryland Highway Safety Grant-Occupant Protection (FA 402)	20.600	LE2022-309	814	-
Maryland Highway Traffic Safety Grant-Aggressive Driving/Speed Enforcement	20.600	2022-037-001	840	-
<b>Total State Community and Highway Safety</b>			<b>1,654</b>	<b>-</b>
<b>Total Highway Safety Cluster</b>			<b>1,654</b>	<b>-</b>
<b>Total Department of Transportation</b>			<b>1,654</b>	<b>-</b>
<b><u>Institute of Museum and Library Services</u></b>				
<i>Passed through Maryland State Department of Education,</i>				
<i>Division of Library Development and Services:</i>				
Library Services and Technology Act (Grant#00001316)	45.310	LS-249967-OLS-21	12,900	-
COVID-19 Library Services and Technology Act CARES ACT (Grant#521343)	45.310	LS-24638-OLS-20	2,009	-
COVID-19 Library Services and Technology Act ARPA(Grant#00001218)	45.310	LS-250216-OLS-21	100,000	-
<b>Total Library Services and Technology</b>			<b>114,909</b>	<b>-</b>
<b>Total Institute of Museum and Library Services</b>			<b>114,909</b>	<b>-</b>

**WORCESTER COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2022**

Description	Federal Assistance Listing Number	Grant Number	Federal Expenditures	Amount Provided to Subrecipients
<b>Department of the Treasury</b>				
<i>Direct Award</i>				
COVID-19 ARPA (American Rescue Plan Act)	21.027	N/A	\$ 119,080	\$ -
<i>Passed through Maryland Department of Commerce:</i>				
COVID-19 Telework Grant	21.027	N/A	43,614	-
<b>Total Coronavirus State and Local Fiscal Recovery Funds</b>			<b>162,694</b>	<b>-</b>
<i>Passed through Maryland Department of Housing and Community Development:</i>				
COVID-19 Emergency Rental Assistance Program	21.023	ERA0386	4,177,180	4,177,180
<b>Total Emergency Rental Assistance Program</b>			<b>4,177,180</b>	<b>4,177,180</b>
<i>Passed through State of Maryland Health Department:</i>				
COVID-19 Coronavirus Relief Fund	21.019	CAO19CRF	192,904	-
<b>Total Coronavirus Relief Fund</b>			<b>192,904</b>	<b>-</b>
<b>Total Department of the Treasury</b>			<b>4,532,778</b>	<b>4,177,180</b>
<b>Total Federal Awards</b>			<b>\$ 5,007,366</b>	<b>\$ 4,192,958</b>

# WORCESTER COUNTY, MARYLAND

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Worcester County, Maryland under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Worcester County, Maryland, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or 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.

### **Note 3. Indirect Cost Rate**

Worcester County, Maryland has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

# WORCESTER COUNTY, MARYLAND

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

### SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Worcester County, Maryland were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses in internal control related to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Worcester County, Maryland, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the amount of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program, Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Worcester County, Maryland expresses an unmodified opinion on all major federal programs.
6. No findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in Part C of this Schedule.
7. The program tested as a major program was:
  - 21.023 – Emergency Rental Assistance Program
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Worcester County, Maryland was considered a low-risk auditee.

### FINDINGS – FINANCIAL STATEMENTS AUDIT

None

### FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None