

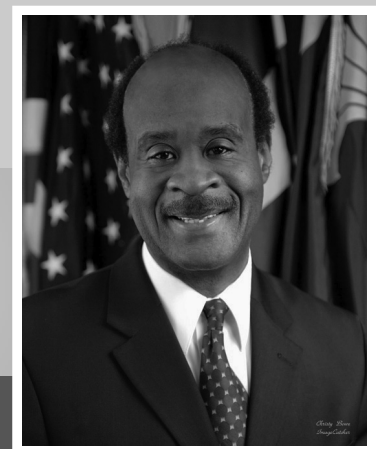
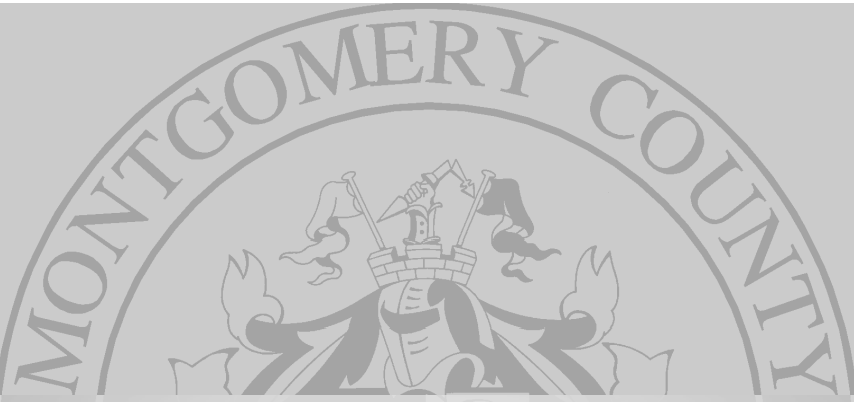
MONTGOMERY COUNTY MARYLAND

Report on Expenditures of Federal Awards



Fiscal Year 2008

July 1, 2007 - June 30, 2008
Rockville, Maryland



Isiah Leggett
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Mission Statement

MONTGOMERY COUNTY GOVERNMENT

WE pursue the common good by working for and with Montgomery County's diverse community members to provide:

- A Responsive and Accountable County Government
- Affordable Housing in an Inclusive Community
- An Effective and Efficient Transportation Network
- A Strong and Vibrant Economy
- Children Prepared to Live and Learn
- Healthy and Sustainable Communities
- Safe Streets and Secure Neighborhoods
- Vital Living for All of Our Residents

AS dedicated public servants, the employees of the Montgomery County government strive to embody in our work these essential values:

- Collaboration
- Inclusiveness
- Knowledge
- Competence
- Innovation
- Respect for the Individual
- Fiscal Prudence
- Integrity
- Transparency

MONTGOMERY COUNTY MARYLAND

Report on Expenditures of Federal Awards



Prepared by the
Department of Finance

Jennifer E. Barrett, Director
101 Monroe Street
Rockville, Maryland 20850
240-777-8860

Fiscal Year 2008
July 1, 2007 - June 30, 2008

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**Independent Auditor's 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***

The Honorable County Council
of Montgomery County, Maryland
Rockville, 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 Montgomery County, Maryland (the County) as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 22, 2008. The financial statements of Montgomery Community College, Montgomery County Revenue Authority and Bethesda Urban Partnership, Inc., were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities are based solely on the reports of other auditors. 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 the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that is considered to be a significant deficiency.

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 combination of control deficiencies, that adversely affects the County'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 the entity's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described as item 08-01 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

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 the entity'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. However, we believe that the significant deficiency described as item 08-01 is not a material weakness.

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*.

We noted certain matters that we reported to management of the County in a separate letter dated December 22, 2008.

Management's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County Council, management, others within the County, 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.

Clifton Gunderson LLP

Baltimore, Maryland
December 22, 2008



**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance and Schedule of Expenditures of Federal Awards
in Accordance With OMB Circular A-133**

The Honorable County Council
of Montgomery County, Maryland
Rockville, Maryland

Compliance

We have audited the compliance of Montgomery County, Maryland (the County) 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. The County'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.

The County's financial statements include the operations of the Montgomery County Public Schools, Montgomery Community College, Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, and Bethesda Urban Partnership, Inc., component units which may have received federal awards, and which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2008. We and other auditors were separately engaged to perform and have separately reported on the results of our audits of the Montgomery County Public Schools, Montgomery Community College, Montgomery County Revenue Authority, Housing Opportunities Commission of Montgomery County, and Bethesda Urban Partnership, Inc. in accordance with OMB Circular A-133, if required.

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 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County 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 the County 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 the County'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 the County'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 the County as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 22, 2008. The financial statements of Montgomery Community College, Montgomery County Revenue Authority and Bethesda Urban Partnership, Inc., were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities are based solely on the reports of other auditors. Our audit was performed for the purpose of forming 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 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 solely for the information and use of the County Council, management, others within the County, 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.

Clifton Gundersen LLP

Baltimore, Maryland
March 27, 2009, except for our report on the Schedule of
Expenditures of Federal Awards which is December 22, 2008

**MONTGOMERY 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	Pass Through Entity Identifying Number	Federal Expenditures
Office of National Drug Control Policy			
Pass Through Programs From:			
University of Maryland			
High Intensity Drug Trafficking Area (HIDTA)	07	Z914102	\$ 16,763
High Intensity Drug Trafficking Area (HIDTA)	07	Z926201	2,766
Total Office of National Drug Control Policy			\$ 19,529
U. S. Department of Agriculture			
Pass Through Programs From:			
Maryland State Department of Human Resources			
State Administrative Matching Grant for Food Stamps	10.561	Md. House Bill 669	\$ 3,261,363
Emergency Food Assistance Program (Administrative Costs)	10.568	CSA/FNS-07-016	11,820
Emergency Food Assistance Program (Administrative Costs)	10.568	CSA/FNS-08-016	26,685
Emergency Food Assistance Program (Food Commodities)	10.569	Food Bank	502,177
Total U. S. Department of Agriculture			\$ 3,802,045
U. S. Department of Defense			
Direct Programs:			
Base Realignment and Closure	12.607	RA0625-06-01	\$ 109,444
Total U. S. Department of Defense			\$ 109,444
U. S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grant (CDBG)	14.218	-	\$ 6,069,201
Emergency Shelter Program	14.231	S-05-UC-24-0003	42,953
Emergency Shelter Program	14.231	S-06-UC-24-0003	150,106
HOME Investment Partnership	14.239	-	2,678,125
HOME Investment Partnership			
Balance of 06/30/2007 Outstanding Loans as of 06/30/2008	14.239	-	19,186,247
Subtotal Direct Programs			28,126,632
Pass Through Programs From:			
Housing Opportunities Commission of Montgomery County			
Supportive Housing Program	14.235	91-224 #16	35,580
City of Gaithersburg			
Housing for Citizens with AIDS	14.241	MDH04F002	388,252
Subtotal Pass Through Programs			423,832
Total U. S. Department of Housing and Urban Development			\$ 28,550,464
National Park Service, Department of the Interior			
Pass Through Programs From:			
Maryland Department of Planning - Historical Trust			
Design Guidelines for Montgomery County Historic Sites and Districts	15.904	-	\$ 25,000
Total National Park Service, Department of the Interior			\$ 25,000
U. S. Department of Justice			
Direct Programs:			
Asset Forfeiture	16	-	\$ 11,350
Gang Prevention Initiative	16.541	2006-JL-FX-0071	96,972
Community Based Collaborations for Gang Prevention and Positive Youth Development Program	16.544	2007-JV-FX-0325	8,720
DNA Capacity Enhancement	16.560	2006-DN-BX-K203	79,906
DNA Backlog Reduction Program	16.560	2004-DN-BX-K090	41,405
Solving Cold Cases with DNA	16.560	2005-DN-BX-K021	19,180
Electronic Fingerprinting and Mug-shot Program for Juvenile Offenders	16.560	2005-DJ-BX-0304	154,804
Electronic Fingerprinting and Mug-shot Program for Juvenile Offenders	16.560	2006-DJ-BX-0308	66,462
Less Lethal Program - Taser Enhancement	16.560	2007-DJ-BX-0380	222,967
Byrne Memorial State and Local Law Enforcement Assistance	16.580	-	426,526
Joint County Gang Prevention and Suppression Initiative	16.580	2006-DD-BX-0323	581,507
Pre-Trial Domestic Violence Abuser Intervention Project	16.580	2007-DD-BX-0715	55,311

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor, Pass Through Grantor, Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
Direct Programs: U. S. Department of Justice (concluded):			
Encourage Arrest Policies	16.590	2005-WE-AX-0096	662,898
Joint Terrorist Force	16.595	66F-BA-A101489-B	12,804
Northwest/Oakview Weed and Seed	16.595	2006-WS-Q6-0109	71,458
Northwest/Oakview Weed and Seed	16.595	2007-WS-Q7-0341	95,198
State Criminal Alien Assistance Program (SCAAP)	16.606	-	1,541,204
Public Safety Partnership and Community Policing (PSPCP)			
PSPCP - Equipment Upgrade Program	16.710	2005-CKWX-0422	40,707
Subtotal Direct Programs			<u>4,189,379</u>
Pass Through Programs From:			
Maryland State Department of Human Resources			
Crime Victim Assistance	16.575	Md. House Bill 669	389,555
Crime Victim Assistance	16.575	CSA/CVA 04-001	359,703
Crime Victim Assistance	16.575	CSA/CVA 05-029	16,670
Crime Victim Assistance	16.575	CSA/CAC 06-006	50,560
State of Maryland, Office of the Governor			
Maryland Workers Reentry Program	16.579	BYRN-2004-2070	136,072
Violence Against Women	16.588	VAWA-2006-1017	15,998
Violence Against Women	16.588	VAWA-2007-1612	66,891
Violence Against Women	16.588	VAWA-2003-1171	19,404
Violence Against Women	16.588	VAWA-2005-1160	3,727
Violence Against Women	16.588	VAWA-2006-1160	29,203
Criminal Investigation and New Detective Training - LETS	16.738	BJAG-2005-1081	4,213
Byrne Formula Program	16.738	BJAG-2006-1367	24,667
Byrne Formula Program	16.738	BJAG-2003-1066	23,667
Byrne Formula Program	16.738	BJAG-2005-1052	59,625
Project Safe Neighborhood Initiative - Anti-Gang Initiative	16.744	PSNI-2007-1014	13,586
Project Safe Neighborhood Initiative - Anti-Gang Initiative	16.744	PSNI-2006-1007	32,147
U.S. Marshall's Office			
Regional Fugitive Gang Task Force	16.595	FAFTF-08-0128	30,000
Regional Fugitive Task Force	16.595	FAFTF-08-0144	12,964
National Family Justice Center Alliance			
Family Justice Center Training	16.526	-	1,940
National Association of Police Athletic/Activities League, Inc			
2008 Youth Leadership Pilot Program	16.541	YLP-2008-MD13	9,073
Subtotal Pass Through Programs			<u>1,299,665</u>
Total U. S. Department of Justice			<u>\$ 5,489,044</u>
U. S. Department of Labor			
Pass Through Programs From:			
State Department of Labor, Licensing and Regulation			
Workforce Investment Act (WIA)			
WIA - Adult Program	17.258	POOB7200010-B	\$ 45,455
WIA - Adult Program	17.258	POOB8200010-B	286,850
WIA - Maryland Business Work	17.258	POOB6200097	45,981
WIA - Youth Programs	17.259	POOB7200010-C	159,677
WIA - Youth Programs	17.259	POOB8200010-C	181,657
WIA - Summer Youth Program	17.259	POOB8200022	7,333
WIA - State Wide Incentive Grant	17.259	POOB7200154	4,718
WIA - Administration	17.259	POOB7200010-A	17,995
WIA - Maryland Business Work	17.259	POOB7200081	43,197
WIA - Dislocated Workers	17.260	POOB7200010-D	35,589
WIA - Dislocated Workers	17.260	POOB8200010-D	786,470
WIA - Rapid Response	17.260	POOB6200052	59,676
WIA - Rapid Response	17.260	POOB7200052	2,292
WIA - Rapid Response Early Intervention	17.260	POOB7200026	27,675
WIA - Rapid Response Early Intervention	17.260	POOB8200043	125,046
WIA - Base Realignment and Closure	17.260	POOB8200098	25,942
WIA - Administration	17.260	POOB8200010-A	131,608
WIA - Maryland Business Work	17.260	POOB8200061	102,176
WIA - Maryland Business Work	17.260	POOB6200034	722
WIA - Disability Navigator	17.266	POOB6200054	25,432
WIA - Disability Navigator	17.266	POOB8200017	153,414
WIA - Employees with Disabilities Program	17.720	E-9-4-3-0106	29,864
National Association of Services and Conservation Corps			
Civic Justice Corps Grant	17.261	YF15595-06-60	124,038
Total U. S. Department of Labor			<u>\$ 2,422,807</u>

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor, Pass Through Grantor, Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
U. S. Department of Transportation			
Pass Through Programs From:			
Maryland State Department of Transportation			
Highway Planning and Construction	20.205	Bridge Design	\$ 6,166,091
Commercial Vehicle Safety (State Highway Administration)	20.218	-	30,700
Ride On Buses-Federal Earmark	20.500	MD-03-0114MD-03-0115	132,707
Federal Transit Formula Grants	20.507	MD-909090.09	289,370
Latino Server Training Initiative	20.601	07-009	26,037
Latino Server Training Initiative	20.601	08-009	7,265
State and Community Highway Safety	20.605	05-165	31,764
Metropolitan Washington Council of Governments Transit Technical Studies	20.505	03-007	152,967
Total U. S. Department of Transportation			\$ 6,836,901
U. S. Department of the Treasury			
Direct Programs:			
Metro Alien Task Force Asset Forfeiture - Secret Service	21	-	\$ 18,268
Total U. S. Department of the Treasury			\$ 18,268
National Foundation on the Arts and the Humanities			
Pass Through Programs From:			
Maryland State Department of Education			
State Library Program	45.310	800885	\$ 13,500
State Library Program	45.310	702028	17,924
State Library Program	45.310	801860	55,228
NASA - Space Science Information	45.310	602259	1,646
Parent-Child Mother Goose Program	45.310	-	3,782
Total National Foundation on the Arts and the Humanities			\$ 92,080
U. S. Environmental Protection Agency			
Pass Through Programs From:			
National Fish and Wildlife Foundation			
FY06 Pilot Watershed Pilot Program	66.606	X-97322101	\$ 5,624
Total U. S. Environmental Protection Agency			\$ 5,624
U.S Department of Energy			
Pass Through Programs From:			
Maryland Department of Housing and Community Development			
Weatherization Assistance for Low-Income Persons	81.042	Weatherization	\$ 121,256
Total U. S. Department of Energy			\$ 121,256
U. S. Department of Education			
Pass Through Programs From:			
Maryland State Department of Education			
Infants and Families with Disabilities	84.027	702146-01	\$ 7,173
Special Education - Grant to States	84.027	800239-09	210,593
Infants and Families with Disabilities	84.173	800239-10	9,000
Infants and Families with Disabilities	84.181	800239-05	388,576
Infants and Families with Disabilities	84.181	800239-05	625,720
Infants and Families with Disabilities	84.181	802078-01	186,770
Montgomery County Public Schools			
Impact Aid - Section 80003 Payments	84.041	-	74,834
	84.184	Q184L030339-04	13,711
Total U. S. Department of Education			\$ 1,516,377

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor, Pass Through Grantor, Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
U. S. Department of Health and Human Services			
Direct Programs:			
Medical Reserve Corps	93.008	-	\$ 5,599
Head Start	93.600	-	4,300,592
Subtotal Direct Programs			<u>4,306,191</u>
Pass Through Programs From:			
Maryland State Office on Aging			
Special Programs for the Aging - Ombudsman Services	93.042	AAA-3-24-014	170,397
National Family Care Giver Support	93.052	AAA-3-24-014	298,810
Maryland State Office on Aging			
Programs for the Aging Cluster:			
Title III, Part D - Supportive Services and Senior Centers	93.043	AAA-3-24-014	\$ 36,106
Title III, Part B - Supportive Services and Senior Centers	93.044	AAA-3-24-014	680,309
Title III, Part C - Nutrition Services	93.045	AAA-3-24-014	<u>1,047,074</u>
Subtotal Aging Programs Cluster			1,763,489
Medical Waiver for Older Adults - Administrative Billing	93.778	-	427,256
Health Care Financing Research	93.779	ST-2515-014/005	53,102
Maryland State Department of Human Resources			
Promoting Responsible Fatherhood	93.086	Md. State HB 669	43,423
Batterers - Centers for Disease Control	93.136	CSA/RPG-07-001	23,000
Family Preservation	93.556	Md. State HB 669	344,694
Temporary Assistance for Needy Families	93.558	Md. State HB 669	4,333,234
Title IV-D - Child Support	93.563	Md. State HB 669	394,002
Child Support and Enforcement	93.563	CSEA/CR-04-043-A1	676,283
Refugees - (Cash, Medical and Administrative)	93.566	Md. State HB 669	105,907
Low Income Home Energy Assistance	93.568	Md. State HB 669	569,863
Child Care and Development Fund (CCDF)	93.575	Md. State HB 669	1,276,864
Child Care and Development Fund (CCDF)	93.575	CCA-RR-98-101	130,846
Child Care Mandatory & Matching Funds of the CCDF	93.596	Md. State HB 669	96,443
Child Welfare Services	93.645	Md. State HB 669	262,016
Foster Care_Title IV-E	93.658	Md. State HB 669	27,085
Title IV-E - Training	93.658	Md. State HB 669	7,076,553
Title IV-E - Administration	93.658	Md. State HB 669	33,663
Title IV-E - Adoption	93.659	Md. State HB 669	38,167
Title XX - Social Services Block Grant	93.667	Md. State HB 669	4,366,265
Child Abuse and Neglect	93.669	Md. State HB 669	1,294
Family Violence Prevention and Services	93.671	CSA/DV-06-021	180,408
Independent Living	93.674	Md. State HB 669	16,317
Title XIX - Certification	93.778	Md. State HB 669	5,490,049
Title XIX - Health Related Services	93.778	Md. State HB 669	1,628,243
Maryland State Department of Housing and Community Development			
Weatherization Program - Furnace Replacement	93.568	-	46,718
Community Services Block Grant	93.569	DCA/OCA-10-03-013	127,555
Community Services Block Grant	93.569	DCA/OCA-10-03-013	322,053
Georgetown University			
Microbiology Infectious Disease Research	93.855	RX 4335-022 MC	53,241
Microbiology Infectious Disease Research	93.856	RX 4335-023-MC	67,545
Prince Georges County			
HIV Emergency Relief	93.914	C-1263-05	1,166,627
HIV Emergency Relief	93.914	C-0964-07	387,859
Maryland State Department of Health and Mental Hygiene			
Refugee Health	93	CH421REF	182,462
Tuberculosis Control	93.116	CH015TBF	309,466
Transition from Homelessness	93.150	MH 170 OTH	110,931
Immunization Grants	93.268	CH354IMM	465,059
Centers for Disease Control and Prevention (CDCP)			
CDCP - Investigations and Technical Assistance	93.283	FH 438 CBC	602,398
CDCP - Investigations and Technical Assistance	93.283	CH 822 PHP	963,833
CDCP - Investigations and Technical Assistance	93.283	FH 505 PCT	10,814
CDCP - Investigations and Technical Assistance	93.283	5646110101AA	444,973
CDCP - Asthma/Steps	93.283	CH 845 AST	20,000
State Children's Insurance Program	93.767	MA286ACM	668,451
Programs for the Medicaid Cluster:			
State Survey and Certification of Health Care Providers	93.777	Nursing Care	\$ 488,593
Medical Assistance - Medicaid Transport	93.778	MA-366-GTS	1,255,513
Service Coordination	93.778	MR006MRC	1,580,608
Medical Assistance	93.778	MA020EPS	<u>352,500</u>
Subtotal Medicaid Cluster			3,677,214

(Continued)

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2008

Federal Grantor, Pass Through Grantor, Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures
U. S. Department of Health and Human Services (concluded):			
Pass Through Programs From:			
Maryland State Department of Health and Mental Hygiene			
HIV Care Formula	93.917	AD486RWS	744,915
HIV Prevention	93.940	AD348CTR	224,070
HIV Prevention	93.940	AD506HER	220,228
Community Mental Health Services	93.958	MH234OTH	733,217
Prevention and Treatment of Substance Abuse	93.959	MU525ADP	209,679
Prevention and Treatment of Substance Abuse	93.959	AS018MBG	812,172
Prevention and Treatment of Substance Abuse	93.959	MU615HRY	147,469
Preventive Health Services_Sexually Transmitted Diseases Control Grant	93.977	CH-A07-STD	118,641
Preventive Health Services Block Grant	93.991	FH-490-NRR	38,120
Preventive Health Services Block Grant	93.991	FH-391-IPP	3,950
Maternal and Child Health Services	93.994	CH567CFT	584,352
Maternal and Child Health Services	93.994	FH886IPO	49,777
Maternal and Child Health Services	93.994	CH501CSN	21,459
State of Maryland, Office of the Governor			
University of Maryland Center for Health Disparities Research	93.307	5P60MD000532-02	12,000
Subtotal Pass Through Programs			<u>43,374,921</u>
Total U. S. Department of Health and Human Services			\$ 47,681,112
Corporation for National and Community Service			
Direct Programs:			
Retired and Senior Volunteer Program	94.002	06SRAM003	\$ 16,316
Retired and Senior Volunteer Program	94.002	08SR087880	<u>53,102</u>
Total Corporation for National and Community Service			\$ 69,418
U. S. Department of Homeland Security			
Direct Programs:			
Hurricane Dean	97.025	EMW-2003-CA-0100	\$ 237,503
Hurricane Ernesto	97.025	EMW-2003-CA-0100	9,535
National Urban Search and Rescue Response System	97.025	EMW-2006-CA-0222	573,587
Joint Task Force - Office of the State's Attorney	97.029	-	150,000
Staffing for Adequate Fire and Emergency Response (SAFER)	97.044	EMW-2006-FF-03999	409,743
Subtotal Direct Programs			<u>1,380,368</u>
Pass Through Programs From:			
District of Columbia - Office of the Deputy Mayor for Public Safety			
Radio Cache Logistics and Maintenance	97.008	04CUAS6	34,841
National Capital Region (NCR)			
Radio Cache Leadership and Foundation Training	97.008	ETXUAS6	5,052
Radio Cache Maintenance and Battery Replacement	97.008	7UASI541-02	4,022
5 D Volunteer Program	97.008	05AUAS6(1)	114,113
Urban Area Search Initiative (UASI)	97.008	ETPUAS6	22,151
UASI Hospital Surge	97.008	08FUAS6	230,309
UASI NCR Training and Exercise Support	97.008	7UASI535-01	125,000
UASI NCR Instant Command Structure (ICS) 300/400 Training	97.008	ETTUAS6	25,252
UASI NCR Local Law Information Exchange	97.008	-	732,007
UASI NCR Law Enforcement Information Exchange	97.067	7UASI536-01	78,077
UASI National Incident Management System (NIMS)			
Compliance Officer	97.067	7UASI541-01	124,930
UASI NCR Local Law Enforcement Information Sharing System	97.067	VAFUAS6	95,586
Bus Security Cameras	97.075	2005-WE-AX-0096	61,895
Maryland Emergency Management Agency			
Chesapeake Bay Small Watershed Grant	97.041	2005-0001-071	15,058
Emergency Management Preparedness - Training	97.042	2007-EM-E7-0104	77,077
State Homeland Security Grant Program	97.067	-	370,589
Law Enforcement Terrorism Prevention Program	97.067	-	20,418
Citizens Corps Program - Mini Grants	97.067	-	513
UASI Mobile Data Terminals	97.067	-	494,534
Law Enforcement Terrorism Prevention Program	97.074	-	57,040
Subtotal Pass Through Programs			<u>2,688,464</u>
Total U.S. Department of Homeland Security			\$ 4,068,832
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 100,828,201

The accompanying notes are an integral part of this Schedule.

MONTGOMERY COUNTY, MARYLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the primary government of Montgomery County, Maryland (County) and is presented on the modified accrual basis of accounting. Federal awards of component units of the County reporting entity are not included in this Schedule.

The information in this Schedule is also presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Expenditures of federal award grant funds are made for the purposes specified by the grantor, and are subject to certain restrictions. Expenditures are also subject to audit by the relevant federal agency. In the opinion of management, disallowed costs, if any, from such audits will not have a material effect on this Schedule or the financial position of the County.

Note 2. Subrecipients

Of the expenditures presented in the Schedule, the County provided awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Subrecipient Name</u>	<u>Amount Provided to Subrecipients</u>
Head Start	93.600	Montgomery County Public Schools	\$ 3,268,873
Infants and Toddlers	84.027	Montgomery County Public Schools	210,593
Infants and Toddlers	84.181	Montgomery County Public Schools	388,576
High Intensity Drug Trafficking Area	07	YMCA of Greater Washington	5,175
Community Development Block Grant (CDBG)			
CDBG	14.218	City of Rockville	270,943
CDBG	14.218	City of Takoma Park	7,050
Workforce Investment Act			
Offender Re-Entry	16.579	Career Transition Center	137,583
Adult Program	17.258	Career Transition Center	333,205
Youth Activities	17.259	Career Transition Center	12,932
Youth Activities	17.259	Latin American Youth Center	303,924
Youth Summer Program	17.259	Latin American Youth Center	9,500
Youth Activities	17.259	Transcen, Inc	22,867
Dislocated Workers	17.260	Career Transition Center	816,895
Rapid Intervention	17.260	Career Transition Center	2,292
Early Intervention Grant	17.260	Career Transition Center	125,045
Disability Navigator Grant	17.266	Transcen, Inc.	184,186
WIA Administration	17.260	Career Transition Center	101,894
Maryland Incumbent Worker	17.260	Career Transition Center	182,632
Bases Realignment & Closure	17.720	Career Transition Center	25,941

Note 3. Loan Programs with Continuing Compliance Requirements

The County participates in the Home Investment Partnership Act federal loan program. The balance of loans from previous years and current year loan activity, as required under OMB Circular A-133, are presented in the Schedule.

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2008

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor’s report issued: Unqualified

	<u>Yes</u>	<u>No</u>
Internal control over financial reporting:		
Material weakness(es) identified?		X
Significant deficiency(ies) identified not considered to be material weaknesses?	X	
Noncompliance material to financial statements noted?		X

Federal Awards Section

	<u>Yes</u>	<u>No</u>
Material weakness(es) identified?		X
Significant deficiency(ies) identified not considered to be material weaknesses?		X

Type of auditor’s report on compliance for major programs: Unqualified

	<u>Yes</u>	<u>No</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 section 510(a)?		X

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.561	Food Stamp Cluster
20.205	Highway Planning and Construction
93.283	Disease Control and Prevention
93.658	Foster Care Title IV-E
93.667	Social Service Block Grant
97.008	Homeland Security Grant Program
97.067	Urban Areas Security Initiative

Dollar threshold used to determine Type A programs: \$2,432,879

	<u>Yes</u>	<u>No</u>
Auditee qualified as low-risk auditee?	X	

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2008
(Continued)

Part II – Financial Statement Findings Section

Finding No 08-01 The County has established policies and procedures governing year-end physical inventory counts performed at the liquor warehouse and County-owned stores. These procedures were not consistently performed in the manner established by the County.

Condition: During our year-end inventory observation, we noted differences between our test counts and the counts performed by the County warehouse personnel. In addition, we noted the liquor warehouse is overcrowded, which may have resulted in items being grouped incorrectly during the count.

Additionally, we noted a mathematical error in the calculation of the valuation of inventory, which resulted in an overstatement of inventory as of June 30, 2008.

Criteria: Internal Control-Integrated Framework (COSO) requires effective internal controls to ensure that financial transactions are properly recorded and accounted for to permit the preparation of reliable financial statements.

Cause: The County has established policies and procedures governing year-end physical inventory counts performed at the liquor warehouse and County-owned stores. These procedures were not consistently performed in the manner established by the County.

While there is a review process of year-end audit schedules, this error was not detected during the review.

Effect: The inventory valuation may be inaccurately stated.

Recommendation: In order to obtain an accurate physical inventory count and thus, fairly stated inventory and cost of sales, we recommend inventory items be neatly organized and correctly arranged by product item number. In addition, we recommend that management establish procedures for test recounts in order to eliminate the errors that were discovered by our auditors observing the count. Furthermore, we recommend that management review all year-end audit schedules for accuracy and completeness of financial reporting.

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2008
(Continued)

**Management's
Response:**

As noted by the auditors, the County has established policies and procedures governing year-end physical inventory counts performed at the liquor warehouse and County-owned stores. The variances encountered between the auditor's count and our warehouse system are not material to the overall valuation of inventory. These variances can be attributed in large part to the overcrowding of the warehouse. While the County has taken steps to minimize the impact of the overcrowding on inventory counting, the physical limitations in space still made it difficult to perform inventory counts.

Limited warehouse space has been an on-going issue for several years and the County Executive has initiated a number of steps subsequent to the performance of the inventory to alleviate the overcrowding. The County has rented additional warehouse space and has negotiated for the acquisition of a new warehouse to permanently address the space constraints.

The County acknowledges the mathematical error related to inventory excise taxes, which was corrected immediately. The error involved a calculation performed only for CAFR purposes, and did not affect the accuracy of the County's warehouse inventory management system.

Part III – Federal Award Findings and Questioned Costs Section

There were no findings identified during the audit for the year ended June 30, 2008.

MONTGOMERY COUNTY, MARYLAND
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2008

There were no prior year findings identified for the year ended June 30, 2007.



**Prepared by the:
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