

**ALLEGANY COUNTY, MARYLAND
SINGLE AUDIT REPORT
JUNE 30, 1999**

DELANEY, TURNBULL & ASSOCIATES, P.A.
Certified Public Accountants

ALLEGANY COUNTY, MARYLAND
SINGLE AUDIT REPORT
TABLE OF CONTENTS

Independent Auditor's Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards	1 - 2
Independent Auditor's Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133	3 - 4
Schedule of Expenditures of Federal Awards	5 - 11
Notes to Schedule of Expenditures of Federal Awards	12 - 13
Schedule of Findings and Questioned Cost	14 - 15
Schedule of Prior Audit Findings	16

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Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

To the Board of Allegany
County Commissioners

We have audited the general purpose financial statements of Allegany County, Maryland as of and for the year ended June 30, 1999, and have issued our report thereon dated October 28, 1999. Our report was modified to refer to the reports of other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Allegany County, Maryland's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Allegany County, Maryland's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and may not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners of Allegany County, Maryland, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Delaney, Turnbull, & Associates, P.C.

October 28, 1999

DELANEY, TURNBULL & ASSOCIATES, P.A.

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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Allegany
County Commissioners

Compliance

We have audited the compliance of Allegany 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, 1999. Allegany County, Maryland'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 Allegany County, Maryland's management. Our responsibility is to express an opinion on Allegany County, Maryland's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 Allegany 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 of Allegany County, Maryland's compliance with those requirements.

As described in item 99-1 in the accompanying schedule of finding and questioned costs, Allegany County, Maryland did not comply with requirements regarding subrecipient monitoring that are applicable to its TANF Grants. Compliance with such requirements is necessary, in our opinion, for Allegany County, Maryland to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Allegany 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, 1999.

Internal Control Over Compliance

The management of Allegany 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 Allegany County, Maryland's internal control over compliance with 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Allegany County, Maryland's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the reportable condition described above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of Allegany County, Maryland as of and for the year ended June 30, 1999, and have issued our report thereon dated October 28, 1999. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of the Board of Commissioners of Allegany County, Maryland, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Delaney, Turnbull & Associates, P.C.

October 28, 1999

ALLEGANY COUNTY, MARYLAND

PRIMARY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1999

	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTORS NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1998	REVENUES	OTHER FINANCING	ENDING BALANCE AT JUNE 30, 1999	THROUGH TO SUBRECIPIENTS
US Dept. of Agriculture:									
Direct:									
Farmers Home Administration:									
Mexico Farms utility relocation	10.769	N/A	N/A	N/A	\$ 360,107	\$ -	\$ -	\$ -	\$ -
Mexico Farms water & sewer grant	10.770	N/A	N/A	N/A	906,800	\$ -			
Mexico Farms water & sewer loan	10.770	N/A	N/A	N/A	420,000	(134,453)	747,240	(768,132)	295,828
McCoole Water Project	10.770	N/A	N/A	N/A	923,000	1,100,000	1,100,000		1,100,000
McCoole Water Project - Loan	10.770	N/A	N/A	N/A	1,100,000				
Cash Valley Road Sewer grant	10.770	N/A	N/A	N/A	100,600				
Cash Valley Road Sewer loan	10.770	N/A	N/A	N/A	147,000				
Oldtown Road Sewer Grant	10.770	N/A	N/A	N/A	1,392,500				
Oldtown Road Sewer Loan	10.770	N/A	N/A	N/A	557,500				
Borden/Zihman Water Grant	10.770	N/A	N/A	N/A	370,500				
Borden/Zihman Water Loan	10.770	N/A	N/A	N/A	339,500				
Subtotal CDA # 10.770					(134,453)		2,195,961	(768,132)	1,744,549
Natural Resources Conservation Service	10.904	N/A	N/A	N/A					
Westtemport Flood Project	10.904	N/A	N/A	N/A					
Indirect:									
Food and Nutrition Service:									
Pass through Maryland Dept Of Human Resources									
Food Distribution To The Needy	10.550	N/A	CSA/FNS 99-001-A1	12,300	\$ -		5,874		5,874
Pass through Maryland Dept. of Education:									
Summer Camp Program	10.559	N/A	N/A	N/A	N/A		2,341		2,341
Total US Department of Agriculture					(134,453)		2,220,171	(756,075)	12,398
US Department of Commerce:									
Direct:									
Economic Development Administration:									
Multi-Tenant Industrial Building	11.300	01-01-03238	N/A	972,000	(147,334)				(147,334)
Riverside Industrial Park	11.300	01-01-03368	N/A	1,960,000	7,965				2,990
Renovations To Former PPG Plant	11.300	01-01-03723	N/A	995,000					(381,144)
Indirect:									
EDA Proj Income - Multi-Tenant	11.300	N/A	N/A	N/A			54,000	(54,000)	
Total US Department of Commerce					(139,369)		54,000	(54,000)	386,119
									(525,488)

See accompanying notes to Schedule of Expenditures of Federal Awards

ALLEGANY COUNTY, MARYLAND

PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

US Dept. of Housing and Urban Development	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTORS NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1998	REVENUES	OTHER FINANCING		ENDING BALANCE AT JUNE 30, 1999	PASS THROUGH TO SUBRECIPIENTS
							SOURCES/USES	EXPENDITURES		
Indirect:										
Community Planning and Development										
CDBG Project Income - Loranconing	14.219	N/A	N/A	N/A	N/A	222,369	41,466	2,284	39,182	
CDBG Project Income - Housing	14.219	N/A	N/A	N/A	N/A	4,562		13,885	213,046	
CDBG Project Income - Economic Opportunity	14.219	N/A	N/A	N/A	N/A	473,443	120,000			593,443
Subtotal CFDA #14.219						695,812	166,028			845,671
Frostburg Industrial Park Expansion	14.228	N/A	MD-89-ED-39	1,000,350	(97)					
Cash Valley Road Sewer	14.228	N/A	MD-91/92-SP-41	304,595						
Cash Valley & Other County Hookups	14.228	N/A	MD-91/92-SP-41	33,000	7,927					7,927
Borden Zilman Waterline	14.228	N/A	MD-93-CD-12	500,000						
Seitade Expansion	14.228	N/A	MD-91-ED-76	1,001,944						
Industrial Park Sewer	14.228	N/A	MD-91-ED-75	130,700						
Mexico Farms water & sewer (214)	14.228	N/A	MD-91-ED-75	369,360						
Cumberland Pasta Company	14.228	N/A	MD-94-ED-76	182,000						
Georges Cr/Jennings Flood Mitigat.	14.228	N/A	MD-97-CD-23	395,000						
Wills Cr/Georges Cr Flood Mitigation	14.228	N/A	MD-97-FL-40	626,733	(63,025)	82,293		25,940	(6,672)	
Subtotal CFDA #14.228					(1,898)	329,039		320,354	6,787	
Subtotal CFDA #14.228					(57,993)	411,332				7,945
US Dept. of Housing and Urban Development (Cont'd)										
Indirect:										
Emergency Shelter Grant Program	14.231	N/A	97-ESG-BOS-1	41,500		23,485		23,485		
Emergency Shelter Grant Program	14.231	N/A	98-ESG-BOS-1	27,830		12,690		19,232	(6,542)	
Subtotal CFDA #14.231						36,175		42,717	(6,542)	
Senior Home Repair Program	14.239	N/A	N/A	N/A	N/A	21,573	174,643			
Special Target Area Program	14.239	N/A	N/A	N/A	N/A	21,573	174,643			
Subtotal CFDA #14.239								135,627	60,589	
Community Planning and Development Passed through Maryland Dept. of Human Resources										
Supportive Housing Program	14.235	N/A	MD06B96-0501	196,659		71,354		71,354		
Supportive Housing Program	14.235	N/A	MD06B96-0504	184,508		20,171		20,171		
Subtotal CFDA #14.235						91,525				91,525

See accompanying notes to Schedule of Expenditures of Federal Awards

ALLEGANY COUNTY, MARYLAND

PRIMARY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1999

US Dept. of Housing and Urban Development (Cont)	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTORS NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE -July 1, 1998	REVENUES	OTHER FINANCING -SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1999	PASS THROUGH TO SUBRECIPIENTS
Passed through Maryland Dept. of Economic and Community Development:										
Section 8 Existing	14.855	P-3507V	MD06-V020	N/A	1,344		115,309		114,788	1,865
Section 8 Mod Rehab	14.855	P-3507V	MD06-V020	N/A	-		11,265		11,265	-
Section 8 Existing Admin	14.856	P-3525	MD06-K020	N/A	1,344		126,574		126,053	1,865
Section 8 Mod Rehab Admin	14.856	P-3507	MD06-E020	N/A	6,466		440,015		440,842	5,639
Subtotal CFDA #14.855			MD06-K020	N/A	768		20,148		20,377	539
Section 8 Existing	14.856	P-3507	MD06-E020	N/A	-		40,825		40,825	-
Section 8 Mod Rehab Admin	14.856	P-3525	MD06-K020	N/A	-		2,400		2,400	-
Subtotal CFDA #14.856			MD06-K020	N/A	7,234		503,388		504,444	6,178
Total US Department of HUD					668,870		1,509,665		1,262,829	915,706
US Department of Justice:										
Direct:										
Office of Community Oriented Policing Services										
COPS MORE Grant	16.710	95CMX0115	N/A	104,067	-		33,573		44,764	(11,191)
Bureau of Justice Assistance										
Local Law Enforcement Block Grant	16.592	96-LB-VX-1524	N/A	20,039	1,302		-			
Indirect:										
Passed through MD State Police										
Marijuana Eradication	16.579	N/A	N/A	N/A	-		750		188	938
Passed through Governor's Office of Crime Control & Prevention										
Home Detention Grant	16.579	N/A	DLE-98-46	37,906	-		29,166		9,722	38,888
HotSpot-Nuisance Abatement	16.579	N/A	01SC-DL97-406-NA	10,000	-		9,881		9,881	-
Subtotal CFDA #16.579					-		39,797		49,707	-
Domestic Violence Prosecutor	16.588	N/A	VAWA-98-040	76,912	-		74,376		99,168	(24,792)
Subtotal CFDA #16.588					-		74,376		99,168	(24,792)
Total US Department of Justice:					1,302		147,746		9,910	194,941
										(35,983)

See accompanying notes to Schedule of Expenditures of Federal Awards

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1999

	FEDERAL CFTA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTORS NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE - July 1, 1998	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT - JUNE 30, 1999	PASS THROUGH TO SUBRECIPIENTS										
US Dept. of Transportation:																				
Indirect:																				
Federal Highway Administration																				
Passed through Maryland Department of Transportation																				
Mexico Farms Bridge Project																				
Town Creek Bridge																				
Allegheny Highlands Trail																				
Squirrel Neck Bridge																				
Subtotal CFDA #20.205																				
Federal Highway Administration																				
Passed through MEMA																				
Hazmat Planning																				
Urban Mass Trans. Admin.:																				
Passed through Maryland Department of Transportation																				
Capital Assistance																				
Capital Assistance																				
Subtotal CFDA #20.500																				
Capital Assistance																				
Subtotal CFDA #20.500																				
Capital Assistance																				
Subtotal CFDA #20.507																				
Capital Assistance																				
Subtotal CFDA #20.507																				
Capital Assistance																				
Subtotal CFDA #20.507																				
Operating Assistance Suppl (FY99)																				
Urban Mass Trans. Admin. & Federal Highway Administration																				
Passed through Maryland Department of Transportation																				
La Vale Toll Gate House																				
Unified Planning Work Program 98																				
Unified Planning Work Program 99																				
Subtotal CFDA #20.505																				

See accompanying notes to Schedule of Expenditures of Federal Awards

ALLEGANY COUNTY, MARYLAND

PRIMARY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1999

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTORS NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE JULY 1, 1998	REVENUES	OTHER FINANCING SOURCES/USES	ENDING BALANCE AT JUNE 30, 1999	PASS THROUGH TO SUBRECIPIENTS							
								REVENUES							
US Dept. of Transportation (Cont):															
Indirect:															
Federal Highway Administration															
Passed through Maryland Department of Transportation Traffic Safety Div.															
EMT Training Upgrade	20.215	N/A	N/A	14,300											
Federal Highway Administration															
Passed through Maryland Department of Transportation and Allegany County Health Department															
Highway Safety Program	20.600	N/A	N/A	10,430		10,430	10,430								
Comprehensive Traffic Safety Prog.	20.600	N/A	N/A	3,100	1,393	3,050	3,070	1,373							
Total US Department of Transportation					675,947	540,896	534,816	1,105,032							
Appalachian Regional Commission:															
Region Telecommunications Special Initiatives	23.001	MD-12354-96	N/A				4,803								
Direct:															
Passed through US Dept of Commerce															
Economic Development Administration															
Multi-Tenant Industrial Bldg	23.002	MD-11037-92-I	N/A	324,000	(49,113)			(49,113)							
Renovations To Former PPG Plant	23.002	01-01-03723	N/A	625,000			243,682	(243,682)							
Riverside Industrial Park	23.002	MD-11406-93-I	N/A	528,000	2,115			2,115							
Subtotal CFDA #23.002 Direct Funding					(46,998)			(290,680)							
Soil Feasibility Study	23.011	MD-12932-1214	N/A	50,000	(66,946)	47,758	39,967	6,440							
Indirect:															
Multi-Tenant Prog Income - Rent & Community Development	23.002	N/A	N/A	N/A		18,000	(18,000)								
Passed through Maryland Dept of Housing															
Building Performance Standards	23.011	ARC 95-144	MD-11893-95-I	21,265											
Passed through Maryland Office of Planning															
Westport Greenway Park	23.011	ARC 10952-97	N/A	3,500		3,500	3,500	7,000							
GIS Mapping /Digitizing/Utility Layout	23.011	ARC 10952-97	N/A	25,000		25,000	25,000	50,000							
Technical Assistance Biotech Website	23.011	MD-10952-96	MD-10952-96	2,500											
Industrial Park Development Plan	23.011	N/A	ARC 10952-96	15,000											
Longrange Comprehensive Plan	23.011	N/A	ARC 10952-96	9,000	155	3,760	7,754	7,754							
Subtotal CFDA #23.011					155	32,260	36,254	60,915							
Total Appalachian Regional Commission					(113,789)	102,821	58,221	323,739							
								(276,486)							

See accompanying notes to Schedule of Expenditures of Federal Awards

ALLEGANY COUNTY, MARYLAND

PRIMARY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1999

	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1998	REVENUES	OTHER FINANCING SOURCES/USES	ENDING BALANCE AT JUNE 30, 1999	PASS THROUGH TO SUBRECIPIENTS
National Foundation of Arts & Humanities									
Direct:									
Institute of Museum Services	45.302	IM-80129-98	N/A	1,775	-	1,775	-	827	948
Museum Assessment Program II	45.304	IA-80004-98	N/A	6,030	-	6,030	-	-	6,010
Conservation Assessment Program						7,805	-	-	6,978
Total National Foundation of Arts & Humanities									
Environmental Protection Agency									
Direct:									
Office of Water, Environmental Protection Agency	66.418	C-240382-03	N/A	14,065,000	-	-	-	-	-
Georges Creek Step 3									
Indirect:									
Passed through Md Dept of the Environment									
Bowling Green/Cresaptown Waste Water Treatment Project	66.418	C-240729-03	MD-88-08-31-0646	1,333,750	-	-	-	-	-
Total Environmental Protection Agency									
Federal Emergency Management Agency:									
Direct:									
Disaster Resistant Community	83.551	EMW-97-GR-0525	N/A	22,125	-	13,125	2,625	6,295	9,455
Disaster Resistant Community	83.551	EMW-97-GR-0525	N/A	700,000	368	223,754	200,248	459,262	(34,892)
Subtotal CFDA #83.551									
Indirect:									
State and Local Programs Support Passed through Maryland Emergency and Civil Defense Agency:									
Civil Defense FY 1998	83.503	N/A	N/A	N/A	(13,324)	13,324	-	101,590	(6,142)
Civil Defense FY 1999	83.503	N/A	N/A	N/A	(13,324)	38,195	51,253	101,590	(6,142)
Subtotal CFDA #83.503									
State and Local Programs Support Passed through Maryland Emergency									
January 1996 Flood	83.516	N/A	N/A	N/A	(181,245)	195,358	47,972	62,085	(22,147)
September 1996 Flood	83.516	N/A	N/A	N/A	(20,000)	(2,147)	-	-	-
Subtotal CFDA #83.516									
Hazard Mitigation									
Passed through Maryland Emergency Locust Grove Property Acquisition	83.548	N/A	N/A	N/A	308,230	(6,436)	5,467	1	98,485
Total Federal Emergency Management Agency									

See accompanying notes to Schedule of Expenditures of Federal Awards

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1999

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTORS NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE - July 1, 1998 -	REVENUES - SOURCES/USES -	OTHER FINANCING - SOURCES/USES -	EXPENDITURES - EXPENDITURES -	PASS THROUGH TO SUBRECIPIENTS - JUNE 30, 1999 -	ENDING BALANCE AT THROUGH TO SUBRECIPIENTS - JUNE 30, 1999 -							
								REVENUES - SOURCES/USES -	EXPENDITURES - EXPENDITURES -							
US Department of Health and Human Services:																
Indirect:																
Administration for children and families:																
Pass through Maryland Dept. of Human Resources and Allegany County Dept of Social Services																
Wheels to Work Program (TANF)	93.558	N/A	235,000	13,154	175,975	4,136	193,265	-	193,265							
Daycare Training Center (TANF)	93.558	N/A	165,000	68,374	73,968	-	142,342	-	142,342							
Daycare/After School Center (TANF)	93.558	N/A	139,998	-	110,184	-	99,183	11,001	99,183							
Subtotal CFDA #93.558			81,528		360,127	4,136	434,790	11,001	434,790							
Family Support Administration:																
Pass through Maryland Dept. of Human Resources:																
Fee For Service Sheriffs	93.563	N/A	CSEA/CR-99-52	14,548	-	9,016	\$474	14,490	-							
Child Support Enforcement	93.563	N/A	CSEA/CR-99-1	144,332	-	138,690	71,061	216,751	-							
Masters Program	93.563	N/A	CSEA/CR-99-3	73,618	-	73,004	45,561	118,563	-							
Subtotal CFDA #93.563						220,710	129,096	349,806	-							
Health Care Financing Administration:																
Pass through Maryland Dept. of Health & Mental Hygiene:																
Medicare; Nursing Home Care	93.773	N/A	N/A	N/A	N/A	634,944	-	634,944	-							
Subtotal CFDA #93.773																
Medicaid; Nursing Home Care																
Health Care Financing Administration:																
Pass through Maryland Dept. of Health & Mental Hygiene and Allegany County Health Department:																
Medicaid; Medical Transportation Program	93.778	N/A	N/A	N/A	N/A	268,366	(\$340)	277,206	(17,680)							
Subtotal CFDA #93.778						576,481	3,329,365	1,303,462	5,432,988							
Total US Department of Health and Human Services																
Total Expenditures of Federal Awards						\$ 1,395,880	\$ 9,815,326	\$ 1,541,665	\$ 12,632,548							
									\$ 120,321							
									\$ 437,131							

See accompanying notes to Schedule of Expenditures of Federal Awards

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 1999

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

This schedule has been prepared on the modified accrual basis of accounting in accordance with generally accepted accounting principles in order to facilitate comparability to the County's general purpose financial statements prepared on the same basis of accounting.

The accompanying Schedule of Expenditures of Federal Awards includes all financial activity of Allegany County Component Unit only. The General Purpose Financial Statements for the Allegany County Reporting Entity include the following component units in accordance with Governmental Accounting Standards Board ("GASB") Statement 14 who are responsible for administering their own Federal programs and submitting their own Single Audit reports, if necessary.

- Allegany County Board of Education
- Allegany County Library System
- Allegany College of Maryland
- LaVale Sanitary Commission

Beginning and Ending Balances

The beginning and ending balances in the accompanying schedule of expenditures of federal awards represent project and/or fund balances at July 1, 1998 and June 30, 1999, respectively. As a result of preparing the accompanying Schedule of Expenditures of Federal Awards on the modified accrual basis, timing differences between program receipts and reimbursements and expenditures have been eliminated. Beginning and ending fund balances agree with or reconcile to the County's general purpose financial statements.

Other Financing Sources and Uses

The amounts shown as other financing sources in the accompanying Schedule of Expenditures of Federal Awards represent non-Federal revenue such as State grants, local matches, interfund operating transfers-in, and proceeds of issuances of long-term debt. The amounts shown as other financing uses represent interfund

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 1999

Note 1. Summary of Significant Accounting Policies – continued
operating transfers-out. This manner of presentation was used to segregate the above mentioned items from Federal revenues and expenditures and report financial activity on a basis consistent with the general purpose financial statements.

Note 2. Oversight Agency
The United States Department of Health and Human Services has been designated oversight audit agency for Allegany County, Maryland.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Allegany County, Maryland.
2. No reportable conditions relating to the general purpose financial statements of Allegany County, Maryland are reported in the Independent Auditor's Report on Compliance and Internal Control over Financial Reporting.
3. No instances of noncompliance material to the general purpose financial statements of Allegany County, Maryland were disclosed during the audit.
4. One reportable condition relating to the audit of major federal award programs is reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance. This condition is considered a material weakness.
5. The auditor's report on compliance for the major federal award programs for Allegany County, Maryland expresses a qualified opinion.
6. The audit finding relative to the major federal award programs for Allegany County, Maryland is reported in Part C of this Schedule.
7. The programs tested as major programs include:

Farmers Home Administration	10.770
Economic Development Administration	11.300
Section 8	14.856
TANF Grants	93.558
Medicare	93.773-4
Medicaid	93.778

8. The threshold for distinguishing Types A and B programs was \$359,000.
9. Allegany County, Maryland was determined to be a low-risk auditee.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Reference Number 99-1

U.S. Department of Health and Human Services

Administration For Children and Families

Temporary Assistance For Needy Families

CFDA Number 93.558

Finding	Questioned Costs
<p><u>Condition and Criteria:</u> The County failed to provide all subrecipients the CFDA title and number, award name and number, and award year. The County also failed to advise the subrecipients of the requirements imposed on them by federal laws, regulations, and the provisions of contracts or grant agreements. Additionally, the County failed to maintain adequate internal control over the subrecipients' compliance with the applicable federal laws, regulations, and the provisions of contracts or grant agreements.</p>	None
<p><u>Effect:</u> Subrecipients may be unaware of the fact that they are receiving federal award money or that they may require a single audit. In addition, the subrecipients may not be in compliance with the applicable federal laws, regulations and the provisions of contracts or grant agreements.</p>	
<p><u>Cause:</u> The County's internal controls do not contain procedures to disclose information to subrecipients nor do they contain proper procedures to monitor subrecipients in accordance with OMB Circular A-133.</p>	
<p><u>Auditor's Recommendation:</u> We recommend the County update its internal controls over subrecipients to include procedures to disclose to subrecipients the information required by OMB Circular A-133. We also recommend that County personnel review OMB Circular A-133 for required monitoring procedures and other pass-through entity responsibilities.</p>	
<p><u>Grantee Response:</u> Allegany County agrees with the finding and has implemented procedures to provide subrecipients of the U.S. Department of Health and Human Services' Temporary Assistance for Needy Families grant (CFDA #93.558) with CFDA titles and numbers, award name and numbers, and award year. The procedures provide for advising all subrecipients of requirements imposed by the grant agreements and will put into place a system to monitor compliance with all those requirements.</p>	

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1999

There were no prior audit findings