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**ALLEGANY COUNTY, MARYLAND
SINGLE AUDIT REPORT
JUNE 30, 2001**

TURNBULL, HOOVER & KAHL, P.A.
Certified Public Accountants

ALLEGANY COUNTY, MARYLAND
SINGLE AUDIT REPORT
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AMERICAN INSTITUTE OF
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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, 2001, and have issued our report thereon dated October 31, 2001. Our report was modified to refer to 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.

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 solely for the information of the Board of Commissioners of Allegany County, Maryland, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Turnbull, Howard ; Kahl, P.A.

October 31, 2001

TURNBULL, HOOVER & KAHL, 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, 2001. 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.

Allegany County's general purpose financial statements include the operations of the Allegany County Board of Education and Allegany College of Maryland, which received \$9,613,364 and \$2,997,496 of federal awards, respectively, which are not included in the schedule during the year ended June 30, 2001. Our audit described below, did not include the operations of the Allegany County Board of Education and Allegany College of Maryland because the component units engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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; 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.

In our opinion, 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, 2001.

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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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, 2001, and have issued our report thereon dated October 31, 2001. 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 solely for the information and use of the Board of Commissioners of Allegany County, Maryland, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Turnbull, Hoover & Kahl, P.L.

October 31, 2001

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 2000	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 2001	PASS THROUGH TO SUBRECIPIENTS	
<u>US Dept. of Agriculture:</u>										
Direct:										
Farmers Home Administration:										
McCoole Water Project	10.770	N/A	N/A	923,000	-			-		
McCoole Water Project - Loan	10.770	N/A	N/A	1,100,000	-			-		
Cash Valley Road Sewer grant	10.770	N/A	N/A	100,500	-			-		
Cash Valley Road Sewer loan	10.770	N/A	N/A	147,000	-			-		
Grahamtown Waterline Extension	10.770	N/A	N/A	600,000	-	181,827		692,167	(510,340)	
Oldtown Road Water - Route 51	10.770	N/A	N/A	1,100,000	(393,674)	241,370	298,631	202,670	(56,343)	
Oldtown Road Sewer Grant	10.770	N/A	N/A	1,392,500	-		10,935	10,935	-	
Oldtown Road Sewer Loan	10.770	N/A	N/A	557,500	-			-		
Bordon/Zihlman Extension	10.770	N/A	N/A	370,500	-	60,500	(37,109)	23,391	0	
Carlos/Shaft Water Grant	10.770	N/A	N/A	1,661,000	(694,829)	52,585	(647,985)	39,660	(1,329,889)	
Carlos/Shaft Water Loan	10.770	N/A	N/A	508,700	-			-		
Subtotal CFDA #10.770					(1,088,503)	536,282	(375,528)	968,822	(1,896,571)	
Natural Resource Conservation Service										
Westport Flood Project	10.904	N/A	N/A	N/A	-	7,710	7,710	-	-	
Dry Run Watershed	10.904	68-3B19-0-410	N/A	1,875,000	-	314,552	340,775	497,801	157,526	
Subtotal CFDA #10.904					-	314,552	348,485	505,511	157,526	
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	-	10,019		10,019	10,019	
Food Distribution To The Needy	10.550	N/A	CSA/FNS 99-001-A2	12,300	-	7,441		7,441	7,441	
Pass through Maryland Dept. of Education:										
Summer Camp Program	10.559	N/A	N/A	N/A	-	2,252	10,631	12,883	2,252	
Total US Department of Agriculture					(1,088,503)	870,546	(16,412)	1,504,676	(1,739,045)	19,712
<u>US Department of Commerce:</u>										
Direct:										
Economic Development Administration:										
Multi-Tenant Industrial										
Building	11.300	01-01-03238	N/A	972,000						
Renovations To Former PPG Plant	11.300	01-01-03723	N/A	995,000	(90,591)			106,430	(197,021)	
Allegany Business Center At Frostburg	11.307	01-79-03880	N/A	550,000	(18,315)	493,167		620,155	(145,303)	
Indirect:										
EDA Proj Income - Multi-Tenant	11.300	N/A	N/A	-	12,879	-	-	12,879	-	
Total US Department of Commerce					(96,027)	493,167	-	726,585	(329,445)	-

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, 2001

	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 2000	REVENUES	OTHER FINANCING SOURCES/USES	ENDING BALANCE AT JUNE 30, 2001	PASS THROUGH TO SUBRECIPIENTS
US Dept. of Housing and Urban Development									
Indirect:									
Community Planning and Development									
CDBG Project Income - Lonaconing	14.219	N/A	NA	N/A	46,312	2,800	2,284	46,828	
CDBG Project Income - Housing	14.219	N/A	NA	N/A	210,412	4,670	25,000	1,749	238,333
CDBG Project Income - Economic Opportunity	14.219	N/A	NA	N/A	692,729	-	8,295	-	701,024
Subtotal					949,453	7,470	33,295	4,034	986,185
Pass Through Md Dept of Housing & Community Development									
Hunter Douglas Expansion	14.219	N/A	MD-00-ED-71	455,730	-	364,258	-	401,639	(37,380)
Subtotal CFDA #14.219					949,453	371,729	33,295	405,673	948,805
Frostburg Industrial Park Expansion	14.228	N/A	MD-89-ED-39	1,000,350	(97)	-	97	-	
Housing Rehabilitation Program	14.228	N/A	MD-99-CD-1	25,000	-	25,000	-	25,000	
Housing Rehabilitation Program	14.228	N/A	MD-01-CD-25	320,000	-	9,399	-	1,506	7,893
Cash Valley & Other County Hookups	14.228	N/A	MD-91/92-SP-41	33,000	7,927	-	(7,927)	-	
Georges Creek Flood Basin	14.228	N/A	MD-98-CD-24	201,500	(1,672)	76,475	7,195	81,998	-
Subtotal CFDA #14.228					6,158	110,874	(635)	108,505	7,893
US Dept. of Housing and Urban Development (Cont.)									
Indirect:									
Emergency Shelter Grant Program	14.231	N/A	2000-ESG-BOS-1	-	-	16,801	-	16,801	
Emergency Shelter Grant Program	14.231	N/A	99-ESG-BOS-1	-	-	22,886	-	22,886	
Subtotal CFDA #14.231					-	39,687	-	39,687	
Senior Home Repair Program	14.239	N/A	N/A	N/A	-	-	-	-	
Special Target Area Program	14.239	N/A	N/A	N/A	14,214	158,959	-	163,783	9,390
Subtotal CFDA #14.239					14,214	158,959	-	163,783	9,390
Community Planning and Development Passed through Maryland Dept. of Human Resources									
Supportive Housing Program	14.235	N/A	MD06B96-0501	198,132	-	52,821	-	52,821	
Supportive Housing Program	14.235	N/A	MD06B96-0504	-	-	55,932	-	55,932	
Subtotal CFDA #14.235					-	108,753	-	108,753	
US Dept. of Housing and Urban Development (Cont.)									
Passed through Maryland Dept. of Economic and Community Development:									
Section 8 Existing	14.856	P-3507	MD06-E020	N/A	7,493	140,790	-	140,206	8,077
Section 8 Mod Rehab	14.856	P-3525	MD06-K020	N/A	196	22,758	-	22,559	395
Section 8 Existing Admin	14.856	P-3507	MD06-E020	N/A	-	15,630	-	15,630	-
Section 8 Mod Rehab Admin	14.856	P-3525	MD06-K020	N/A	-	2,534	-	2,534	-
Subtotal CFDA #14.856					7,689	181,712	-	180,929	8,472
Section 8 Voucher Program	14.871	P-3507V	MD06-V020	N/A	2,779	363,849	-	365,097	1,531
Section 8 Voucher Program Admin	14.871	P-3507V	MD06-V020	N/A	-	34,388	-	34,388	-
Subtotal CFDA #14.871					2,779	398,237	-	399,485	1,531
Total US Department of HUD					980,293	1,369,951	32,661	1,406,814	976,091
									148,440

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, 2001

	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 2000	REVENUES	OTHER FINANCING SOURCES/USES	ENDING BALANCE AT JUNE 30, 2001	PASS THROUGH TO SUBRECIPIENTS
US Department of Justice:									
Indirect:									
Passed through MD State Police									
Marijuana Eradication	16.579	N/A	N/A	N/A	-	1,091	269	1,360	-
Passed through Governor's Office of Crime Control & Prevention									
Home Detention Grant	16.579	N/A	BYRN-2000-0486	48,393	-	48,393	16,435	64,828	-
HotSpot-Nuisance Abatement	16.579	N/A	BYRN-2000-0406	9,454	-	9,454	-	9,454	-
Subtotal CFDA #16.579					-	58,937	16,704	75,641	-
Domestic Violence Prosecutor	16.588	N/A	VAWA-2000-0040	84,060	-	84,060	18,070	102,130	-
Subtotal CFDA #16.588					-	84,060	18,070	102,130	-
Protective Order Data Entry Assistance	16.590	N/A	GTEAP-98-029	1,184	-	1,184	-	1,184	-
Subtotal CFDS #16.590					-	1,184	-	1,184	-
Total US Department of Justice:					-	144,181	34,774	178,955	-
US Dept. of Transportation:									
Indirect:									
Federal Highway Administration									
Passed through Maryland Department of Transportation									
15 Mile Creek Road Bridge	20.205	N/A	ACR-109-98(5)	163,840	-	8,310	1,662	9,973	-
Town Creek Bridge	20.205	BRO-1 (540) E	AL790BM2	-	-	542,631	344,000	848,711	37,920
Allegheny Highlands Trail	20.205		ARC-MD-10952-C7	10,000	(30,804)	-	78,168	100,013	(52,649)
Subtotal CFDA #20.205					(30,804)	550,941	423,830	958,697	(14,729)
Federal Highway Administration									
Passed through MEMA									
Hazmat Planning	20.217	HMEMD6038040	N/A	2,700	-	-	-	-	-
Urban Mass Trans. Admin:									
Passed through Maryland Department of Transportation									
Capital Assistance	20.500	MD-03-0055-01	MD-03-0055-01	-	-	30,349	7,586	37,935	-
Capital Assistance	20.500	MD-03-0052	MD-03-0052	-	-	-	-	-	-
Subtotal CFDA #20.500				-	-	30,349	7,586	37,935	-
Capital Assistance	20.507	MD-90-0034	MD-90-0034	-	-	-	-	-	-
Capital Assistance	20.507	MD-90-0043	MD-90-0043	-	-	8,923	3,346	12,269	-
Capital Assistance	20.507	MD-90-0039	MD-90-0039	-	-	-	-	-	-
Capital Assistance	20.507	MD-90-0063	MD-90-0063	-	-	15,789	3,346	19,135	-
Capital Assistance	20.507	MD-90-0059	MD-90-0059	-	-	18,594	4,648	23,242	-
Operating Assistance (FY01)	20.507	MD-90-4074/4077	MD-90-4074/4077	206,828	800,238	-	293,299	725,049	368,488
Subtotal CFDA #20.507					800,238	43,306	304,639	779,695	368,488
Job Access & Reverse Commute	20.516		ACDSS/FIA 2001-017	-	-	70,508	70,508	141,016	-

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, 2001

	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM AWARD AMOUNT	BEGINNING BALANCE July 1, 2000	REVENUES	OTHER FINANCING SOURCES/USES	ENDING BALANCE AT JUNE 30, 2001	PASS THROUGH TO SUBRECIPIENTS
US Dept. of Transportation (Cen't)									
Urban Mass Trans. Admin. & Federal Highway Administration Passed through Maryland Department of Transportation									
LaVale Toll Gate House	20.219	STP-1(377)E	A792-452-625	92,000	(15,109)	-	-	(15,109)	-
Unified Planning Work Program 00	20.505	N/A	N/A	-	623	63,203	15,800	79,003	623
Subtotal CFDA #20.505					623	63,203	15,800	79,003	623
Indirect:									
Federal Highway Administration Passed through Maryland Department of Transportation Traffic Safety Div.									
EMT Training Upgrade	20.215	N/A	N/A	24,520	4,678	7,500	12,564	24,842	-
Federal Highway Administration Passed through Maryland Department of Transportation and Allegany County Health Department									
Highway Safety Program	20.600	N/A	N/A	4,350	2,073	-	-	2,073	-
Highway Safety Program	20.600	N/A	N/A	3,700	-	3,700	-	1,586	2,114
Comprehensive Traffic Safety Prog.	20.600	N/A	N/A	-	-	-	-	-	-
Total US Department of Transportation					761,699	769,507	835,027	2,024,847	341,387
Appalachian Regional Commission:									
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	(105,888)	-	-	70,953	(176,841)
Allegany Business Center At Frostburg	23.002	01-79-03880	N/A	462,000	(12,841)	420,105	-	528,280	(121,016)
Riverside Industrial Park	23.002	MD-11406-93-I	N/A	528,000	-	-	-	-	-
Subtotal CFDA #23.002 Direct Funding					(167,842)	420,105	-	599,234	(346,971)
Indirect:									
Multi-Tenant Prog Income - Rent	23.002	N/A	N/A	N/A	-	-	-	-	-
Passed through Maryland Office of Planning									
Allegany Cty Municipal Flood Mitigation	23.011	N/A	MD-10952-C8-302	25,000	-	20,157	20,157	40,315	-
Lonaconing Comprehensive Plan	23.011	N/A	ARC 10952-96	9,000	9,496	1,667	4,731	8,299	7,595
Subtotal CFDA #23.011					9,496	21,824	24,888	48,614	7,595
Total Appalachian Regional Commission					(158,346)	441,930	24,888	647,848	(339,376)

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 2000	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 2001	PASS THROUGH TO SUBRECIPIENTS
Environmental Protection Agency										
Indirect:										
Passed through Md Dept of Natural Resources										
Georges Creek Watershed Restoration										
Strategies Plan	66.460	C9003497-99-0		45,000	-	13,633	-	14,377	(743)	-
Lonaconing Island Restoration	66.460			57,500	-	7,546	7,362	16,197	(1,289)	-
Total Environmental Protection Agency					-	21,179	7,362	30,574	(2,032)	-
Federal Emergency Management Agency										
Direct:										
Disaster Resistant Community	83.551	EMW-97-GR-0525	N/A	39,125	6,943	11,000	5,500	18,249	5,194	-
Disaster Resistant Community - Prog Inc	83.551	EMW-97-GR-0525			11,251	13,717	-	70	24,898	-
Disaster Resistant Community	83.551	EMW-97-GR-0525	N/A	1,002,500	1,260	423,302	33,333	457,281	614	-
Subtotal CFDA #83.551					19,454	448,019	38,833	475,600	30,706	-
Indirect:										
Hazard Mitigation										
Passed through Maryland Emergency										
Georges Creek Flood Mitigation	83.548	N/A	N/A	437,000	(81,141)	318,382	202,354	444,221	(4,626)	-
Locust Grove Property Acquisition	83.548	N/A	N/A	308,230	(90,039)	90,625	65,536	66,122	-	-
Subtotal CFDA #83.548					(171,180)	409,007	267,890	510,343	(4,626)	-
State and Local Programs Support										
Passed through Maryland Emergency										
and Civil Defense Agency:										
Civil Defense FY 2001	83.552	N/A	N/A	N/A	-	23,034	61,792	84,826	-	-
Civil Defense FY 2000	83.552	N/A	N/A	N/A	(7,677)	7,677	-	-	-	-
Subtotal CFDA #83.552					(7,677)	30,711	61,792	84,826	-	-
Total Federal Emergency Management Agency					(159,403)	887,737	368,515	1,070,769	26,080	-

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 2000	REVENUES	OTHER FINANCING SOURCES/USES	ENDING BALANCE AT JUNE 30, 2001	PASS THROUGH TO SUBRECIPIENTS
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								
Daycare/After School Center (TANF)	93.596	N/A	160,000	9,733	26,372	36,105	-	36,105
Daycare/After School Center (TANF)	93.596	N/A	98,000	-	91,434	94,780	(3,347)	94,780
Daycare/After School Center (TANF)	93.596	N/A	100,000	-	14,054	-	14,054	-
Daycare/After School Center (TANF)	93.596	N/A	64,413	-	64,413	-	64,413	-
Job/Readiness/Work Experience	93.596	N/A	24,000	-	19,348	21,169	(1,821)	21,169
Subtotal CFDA #93.596				9,733	215,621	-	230,521	(5,168)
Family Support Administration:								
Pass through Maryland Dept. of Human Resources:								
Fee For Service Sheriffs	93.563	N/A	CSEA/CR-99-52	14,548	15,027	15,027	-	-
Child Support Enforcement	93.563	N/A	CSEA/CR-01-1	125,429	-	125,429	77,653	203,082
Masters Program	93.563	N/A	CSEA/CR-01-3	80,080	-	80,080	56,168	136,248
Subtotal CFDA #93.563					15,027	205,509	133,821	354,357
Health Care Financing Administration								
Pass through Maryland Dept. of Health & Mental Hygiene:								
Medicare; Nursing Home Care	93.773	N/A	N/A	N/A	-	1,071,962	-	1,071,962
Medicaid; Nursing Home Care	93.778	N/A	N/A	N/A	-	3,503,993	875,923	4,379,916
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	-	327,306	6,443	333,749
Subtotal CFDA #93.778					-	3,831,299	882,366	4,713,665
Total US Department of Health and Human Services				24,760	5,324,391	1,016,187	6,370,505	(5,168)
Total Expenditures of Federal Awards				\$ 264,473	\$ 10,322,589	\$ 2,303,003	\$ 13,961,573	\$ (1,071,509)
								\$ 398,673

See accompanying notes to Schedule of Expenditures of Federal Awards

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2001

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, 2000 and June 30, 2001, 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, 2001

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, 2001**

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. No reportable conditions relating to the audit of major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal award programs for Allegany County, Maryland expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Allegany County, Maryland to be reported in Part C of this Schedule.
7. The programs tested as major programs include:

Natural Resource Conservation Service	10.904
Economic Development Administration	11.307
Federal Highway Administration	20.205
Urban Mass Transit Administration	20.507
Federal Emergency Management Agency – Hazard Mitigation	83.548
Medicare	93.773
Medicaid	93.778

8. The threshold for distinguishing Types A and B programs was \$419,000.
9. Allegany County, Maryland qualified as a low risk auditee.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2001

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

None

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2001

None

FY2001 Subrecipients

<u>HRDC</u>	CFDA	Amount
Food Distribution For The Needy	10.550	\$17,460
Emergency Shelter Grant	14.231	35,414
Supportive Housing	14.235	52,821
Daycare/After School	93.593	209,352
Total HRDC		\$315,047
<u>New Hope</u>	CFDA	Amount
Summer Camp	10.559	\$2,252
Total New Hope		\$2,252
<u>Family Crisis Center</u>	CFDA	Amount
Emergency Shelter Grant	14.231	\$4,273
Total Family Crisis Center		\$4,273
<u>YMCA</u>	CFDA	Amount
Supportive Housing	14.235	\$55,932
Job Readiness/Work Experience	93.596	21,169
Total YMCA		\$77,101
Grand Total All Subrecipients		\$398,673