

**ALLEGANY COUNTY, MARYLAND**

**SINGLE AUDIT REPORT**

**JUNE 30, 1989**

**JUNE 30, 1985**

**RECEIVED**

**JUN 25 1990**

**DEPT. OF FINANCE  
OF ALLEGANY COUNTY**



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General  
Office of Audit

RECEIVED

AUG 27 1990

CIN A-03-90-14194

COUNTY COMMISSIONERS  
OF ALLEGANY COUNTY

AUG 23 1990

BOARD OF COMMISSIONERS  
ALLEGANY COUNTY, MARYLAND  
3 PERSHING STREET  
CUMBERLAND, MARYLAND 21502

Dear BOARD MEMBERS:

We have completed our desk review of the revised organization-wide audit report on the County for the period July 1, 1988 through June 30, 1989. The audit was performed by DELANEY, TURNBULL AND ASSOCIATES, Certified Public Accountants, to meet Federal audit requirements. Based on our review, we believe the audit met Federal requirements.

As cognizant agency, we have distributed the audit results to other Federal departments whose programs are covered by the report. The Department of Housing and Urban Development will contact you with respect to the findings on pages 23 and 24. The report contains other findings which are not identified for Federal resolution. Appropriate corrective action should be taken, as recommended by the auditors. The auditors should address these matters in the "Status of Prior Year's Recommendations" section of the next report.

In accordance with the principles of the Freedom of Information Act (Public Law 90-23), reports issued on the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See Section 5.71 of the Department's Public Information Regulations, dated August 1974, as revised.)

Should you have any questions regarding this report, please call our office at 816-426-6169.

Sincerely,

*Douglas C. Imbriani*

Vincent R. Imbriani  
Regional Inspector General  
for Audit Services, Region VII

cc: *J. G. Smith*  
*Dave T.*

**ALLEGANY COUNTY, MARYLAND  
SINGLE AUDIT REPORT  
INDEX**

**1989**

Independent Auditor's Report on Schedule of Federal Financial Assistance	1
Independent Auditor's Report on Internal Accounting and Administrative Controls Over Federal Assistance Programs	2 - 4
Independent Auditor's Report on Compliance with the General Requirements Applicable to Major Federal Financial Assistance Programs	5
Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Programs	6
Independent Auditor's Report on Compliance with Requirements Applicable to Nonmajor Federal Financial Assistance Programs	7
Independent Auditor's Report on Internal Control Structure	8 - 11
Independent Auditor's Report on Compliance with Laws and Regulations	12
Schedule of Federal Financial Assistance Programs for the year ended June 30, 1989	13 - 16
Notes to Schedule of Federal Financial Assistance Programs	17 - 20
Schedule of Findings and Questioned Costs	21 - 24
Status of 1988 Findings	25 - 27

**1985**

Independent Auditor's Report on Schedule of Federal Financial Assistance	28
Schedule of Federal Financial Assistance Programs for the year ended June 30, 1985	29 - 31
Notes to Schedule of Federal Financial Assistance Programs	32 - 34
Schedule of Findings and Questioned Costs	35 - 36

DELANEY, TURNBULL & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

222 Washington Street

Cumberland, Maryland 21502

Edward M. Delaney, CPA

(301) 759-3270

David W. Turnbull, CPA

Independent Auditor's Report on Schedule  
of Federal Financial Assistance

Board of Allegany County Commissioners  
3 Pershing Street  
Cumberland, Maryland 21502

We have audited the general purpose financial statements of Allegany County, Maryland for the year ended June 30, 1989, and have issued our report thereon dated January 15, 1990. These general purpose financial statements are the responsibility of Allegany County, Maryland's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit in accordance with these standards includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of Allegany County, Maryland taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule 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.

January 15, 1990

*Delaney, Turnbull & Associate, P.A.*

**DELANEY, TURNBULL & ASSOCIATES, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

222 Washington Street

Cumberland, Maryland 21502

Edward M. Delaney, CPA

(301) 759-3270

David W. Turnbull, CPA

**Independent Auditor's Report on  
Internal Accounting and  
Administrative Controls Over  
Federal Assistance Programs**

Board of Allegany County Commissioners  
3 Pershing Street  
Cumberland, Maryland

We have audited the general purpose financial statements of Allegany County, Maryland, for the year ended June 30, 1989, and have issued our report thereon dated January 15, 1990. As part of our audit, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act of 1984, and the provisions of OMB Circular A-128, "Audits of State and Local Governments." For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories:

**General Requirements**

Political activity  
Davis-Bacon Act  
Civil rights  
Cash management  
Relocation assistance and real property acquisition  
Federal financial reports

**Specific Requirements**

Types of services  
Eligibility  
Reporting  
Cost allocation  
Special requirements, if any  
Monitoring subrecipients

The management of Allegany County, Maryland, is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed in the first paragraph. During the year ended June 30, 1989 Allegany County, Maryland, expended 80.6% of its total federal financial assistance under major federal financial assistance programs. With respect to internal control systems used in administering major Federal financial assistance programs, our study and evaluation included considering the types of errors and irregularities that could occur, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

With respect to the internal control systems used solely in administering the nonmajor federal financial assistance programs of Allegany County, Maryland, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Our study and evaluation of the internal control systems used solely in administering the nonmajor federal financial assistance programs of Allegany County, Maryland, did not extend beyond this preliminary review phase.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of Allegany County, Maryland. Accordingly, we do not express an opinion on the internal control systems used in administering the federal financial assistance programs of Allegany County, Maryland.

Further, we do not express an opinion on the internal control systems used in administering the major federal financial assistance programs of Allegany County, Maryland.

Also, our audit, made in accordance with the standards mentioned in the first paragraph, would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor Federal financial assistance programs.

However, our study and evaluation and our audit disclosed no condition that we believe to be a material weakness in relation to a Federal financial assistance program of Allegany County, Maryland.

This report is intended solely for the use of management and the United States Department of Health and Human Services and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Board of Allegany County Commissioners, is a matter of public record.

*Delaney, Turnbull & Associates, PA*

January 15, 1990

**DELANEY, TURNBULL & ASSOCIATES, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

222 Washington Street

Cumberland, Maryland 21502

Edward M. Delaney, CPA

(301) 759-3270

David W. Turnbull, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH THE GENERAL REQUIREMENTS APPLICABLE TO  
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Allegany County Commissioners  
3 Pershing Street  
Cumberland, Maryland 21502

We have applied procedures to test Allegany County, Maryland's compliance with the following requirements applicable to each of its major federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended June 30, 1989: political activity, Davis-Bacon Act, civil rights, cash management, relocation assistance and real property management, and federal financial reports.

Our procedures were limited to those set forth in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Allegany County, Maryland's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Allegany County, Maryland had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information of the Board of Commissioners of Allegany County, management, and the United States Department of Health and Human Services. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Delaney, Turnbull & Associates, PA*

January 15, 1990

DELANEY, TURNBULL & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

222 Washington Street

Cumberland, Maryland 21502

Edward M. Delaney, CPA

(301) 759-3270

David W. Turnbull, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Board of Allegany County Commissioners  
3 Pershing Street  
Cumberland, Maryland 21502

We have audited Allegany County, Maryland's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended June 30, 1989. The management of Allegany County, Maryland is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings and questioned costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Allegany County, Maryland complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1989.

January 15, 1990

*Delaney, Turnbull & Associates, P.A.*

**DELANEY, TURNBULL & ASSOCIATES, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

222 Washington Street

Cumberland, Maryland 21502

Edward M. Delaney, CPA

(301) 759-3270

David W. Turnbull, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO NONMAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Allegany County Commissioners  
3 Pershing Street  
Cumberland, Maryland 21502

In connection with our audit of the 1989 financial statements of Allegany County, Maryland, and with our study and evaluation of the County's internal control systems used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1989. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; certain special tests and provision that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Allegany County, Maryland had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board of Commissioners of Allegany County, management, and the United States Department of Health and Human Services. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Delaney, Turnbull & Associates, P.A.*

January 15, 1990

**DELANEY, TURNBULL & ASSOCIATES, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

222 Washington Street

Cumberland, Maryland 21502

Edward M. Delaney, CPA

(301) 759-3270

David W. Turnbull, CPA

**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL STRUCTURE**

Board of Allegany County Commissioners  
3 Pershing Street  
Cumberland, Maryland 21502

We have audited the general purpose financial statements of Allegany County, Maryland for the year ended June 30, 1989, and have issued our report thereon dated January 15, 1990.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of Allegany County, Maryland for the year ended June 30, 1989, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Allegany County, Maryland is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Personal Service Expenditures  
Other Than Personal Service Expenditures  
Revenue

Our consideration of the internal control structure included all of the control categories listed above. The purpose of our consideration of the internal control structure was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the general purpose financial statements.

We noted the following matter involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

#### ACCOUNTING SYSTEM DESIGN AND STRUCTURE

The County does not maintain its books of account in accordance with the account structure prescribed by the State of Maryland - Department of Fiscal Services or the Governmental Accounting Standards Board (GASB). One of the basic criteria of an accounting system is to facilitate with preparation of financial statements in accordance with generally accepted accounting principles. The existing account structure makes the preparation of financial statements unduly time consuming and complicated.

Since the State of Maryland requires the County to complete and submit a Uniform Financial Report in accordance with the State's account structure, it is our recommendation for the County to restructure its financial accounting system to be in accordance with the accounts structure prescribed by the State of Maryland.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we believe to be material weaknesses.

#### ACCOUNTING AND RECORD KEEPING FOR GENERAL FIXED ASSETS

We have previously recommended that the County begin to develop general fixed asset records. During fiscal year 1989 the County began the process of calculating and recording the fixed assets. We recommend this process be completed as soon as possible.

Records of general fixed assets are required by generally accepted accounting principles. The County has not maintained general fixed asset records. As a result, the County's audit opinion has historically been qualified with respect to general fixed assets. Such records would also be useful in improving controls over the use and disposition of the County's fixed assets as well as to provide useful information in assessing the County's insurance requirements.

#### TAX OFFICE INTEGRATION

While the County has automated a substantial part of its accounting records in the finance office, a substantial part of the accounting records at the tax office have not been automated. Although the detailed property tax accounts have been automated at the tax office, a substantial part of the transactions processed at the tax office are not automated. Some transactions are not recorded in the County's general ledger system at all except through year-end adjusting entries.

The County should undertake a study and evaluation of all the different types of transactions executed at the tax office and integrate these transactions into the County's existing financial accounting system. This integration will not only increase controls over these transactions but also increase overall efficiency. For example, all the real and personal property taxes collected by the County tax office for the State of Maryland and the various special taxing districts and municipalities are never recorded on the County's books of account. In this regard, property taxes collected for these outside entities are remitted to them by manually handwritten check to each entity each month. This process could be made more efficient by having these checks computer-prepared in the same manner that the County's disbursements are computer-prepared.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Allegany County, Maryland in a separate letter dated May 15, 1990.

This report is intended solely for the information and use of the Board of Commissioners of Allegany County, management, and others within the administration. This restriction is not intended to limit distribution of this report which, upon acceptance by the Board of Allegany County Commissioners, is a matter of public record.

*Delaney, Turnbull & Associate, PA*

January 15, 1990

**DELANEY, TURNBULL & ASSOCIATES, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

222 Washington Street

Cumberland, Maryland 21502

Edward M. Delaney, CPA

(301) 759-3270

David W. Turnbull, CPA

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH LAWS AND REGULATIONS**

Board of Allegany County Commissioners  
3 Pershing Street  
Cumberland, Maryland 21502

We have audited the general purpose financial statements of Allegany County, Maryland as of and for the year ended June 30, 1989, and have issued our report thereon dated January 15, 1990.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulation, contracts, and grants applicable to Allegany County, Maryland is the responsibility of Allegany County, Maryland's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Allegany County, Maryland's compliance with certain provisions of laws, regulations contracts, and grants. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, Allegany County, Maryland complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Allegany, County, Maryland had not complied, in all material respects, with those provisions.

This report is intended for the information of the Board of Commissioners of Allegany County, management, and the United States Department of Health and Human Services. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Delaney, Turnbull & Associates, P.A.*

January 15, 1990

ALLEGANY COUNTY, MARYLAND  
OVERSIGHT ENTITY

page 1 of 4

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 1989

FEDERAL GRANTOR\AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1988	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1989
<b>US Dept. of Agriculture:</b>									
\Farmers Home Administration:									
Pekin/Moscow Water Project									
FHA Grant	10.418	N/A	N/A	770,600	\$53,842	(\$34,630)	\$28,999	\$48,606	(\$395)
FHA Loan	10.418	N/A	N/A	45,000	0	0		0	0
\Food and Nutrition Service:									
Pass through Maryland Dept. of Health and Mental Hygiene:									
Summer Camp Program	10.559	N/A	MR 248 MRS	9,011	0	10,991	9,011	20,002	0
Passed through Maryland Dept. of Education:									
Temporary Emergency Food Assistance Program	10.568	N/A	N/A	N/A	0	16,022	3,000	19,022	0
Total US Department of Agriculture					<u>\$53,842</u>	<u>(\$7,617)</u>	<u>\$41,010</u>	<u>\$87,630</u>	<u>(\$395)</u>
<b>US Department of Commerce:</b>									
\Economic Development Administration:									
Archeological Study, Mexico Farms	11.303	01-06-02994-40	N/A	\$31,350	\$0	\$31,350	\$23,634	\$54,984	\$0
Passed through Tri-County Council									
Business Incubator Program	11.307	01-19-02884	01-19-02884	648,750	0	587,847	195,546	800,283	(16,890)
Total US Department of Commerce					<u>\$0</u>	<u>\$619,197</u>	<u>\$219,180</u>	<u>\$855,267</u>	<u>(16,890)</u>
<b>US Department of Health and Human Services:</b>									
\Health Care Financing Administration									
Pass through Maryland Dept. of Health & Mental Hygiene:									
Medicaid; Nursing Home Care	13.714	N/A	N/A	N/A	\$0	\$2,151,228	\$1,363,466	\$3,514,694	\$0
\Family Support Administration:									
Pass through Maryland Dept. of Human Resources:									
Child Support Enforcement	13.783	N/A	CSEA/CR-07/88	\$74,364	(16,386)	16,386	0	0	0
Child Support Enforcement	13.783	N/A	CSEA/CR-07/89	81,495	0	74,675	37,649	112,324	0
Total US Department of Health and Human Services					<u>(\$16,386)</u>	<u>\$2,242,289</u>	<u>\$1,401,115</u>	<u>\$3,627,018</u>	<u>\$0</u>

(continued)

**ALLEGANY COUNTY, MARYLAND**  
**OVERSIGHT ENTITY**

page 2 of 4

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 1989**

FEDERAL GRANTOR\AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1988	REVENUES	OTHER FINANCING SOURCES/USES	ENDING BALANCE AT JUNE 30, 1989
<b>US Dept. of Housing and Urban Development</b>								
Community Planning and Development								
1985 Small Cities Block Grant	14.219	B85-DH-24-0002	N/A	\$300,000	\$0	\$91,837	\$4,948	\$96,785
1982 Small Cities Block Grant	14.219	B82-DH-24-0004	N/A	500,000	24,342	248,758	(8,055)	265,045
1980 Small Cities Block Grant	14.219	A80-DN-24-0100	N/A	1,570,000	42,380	0	(36,472)	5,908
CDBG Project Income - Housing	14.219	N/A	N/A	0	290,323	7,919	13,552	15,306
CDBG Project Income - Economic Opportunity	14.219	N/A	N/A	0	(84,144)	43,433	265,045	131,144
Passed through Maryland Dept. of Economic and Community Development:								
Section 8 Mod Rehab	14.156	P-3525	MD06-K020	217,140	3,079	33,158	0	33,334
Section 8 Mod Rehab Admin	14.156	P-3525	MD06-K020		0	2,772	0	2,772
Section 8 Existing	14.156	P-3507	MD06-E020	241,230	30,467	361,781	0	355,534
Section 8 Existing Admin	14.156	P-3507	MD06-E020		0	32,991	0	32,991
Small Cities CDBG - Celanese								
Sewage Treatment Plant Rehab	14.228	N/A	MD-87-ARC-2	990,000	0	105,604	610,000	105,604
Bayliner Project	14.228	N/A	MD-87-ED-36	400,000	0	0	0	0
Lonaconing Rehab Project	14.228	N/A	MD-89-CD-1	168,040	0	295	0	295
Total US Department of HUD					\$306,447	\$928,548	\$849,018	\$1,044,718
								\$1,039,295
<b>US Department of Justice:</b>								
Office of Justice Programs:								
Passed through MD. Governor's								
Office of Justice Assistance								
Allegany County Narcotics Task Force	16.579-80	N/A	N/A	\$32,050	\$0	\$8,587	\$17,935	\$26,522
								\$0
<b>US Department of Labor:</b>								
Passed through the Western Maryland Consortium								
Job Training Partnership Act	17.246-50	N/A	88-A05232	4,467	\$0	\$1,701	\$0	\$1,701
Job Training Partnership Act	17.246-50	N/A	88-A07344	9,011	0	703	0	703
Job Training Partnership Act	17.246-50	N/A	89-A09543	5,544	0	5,544	0	5,544
Job Training Partnership Act	17.246-50	N/A	89-A05253	2,772	0	2,191	0	2,191
Job Training Partnership Act	17.246-50	N/A	89-A09549	2,736	0	2,159	0	2,159
Job Training Partnership Act	17.246-50	N/A	89-A05252		0	1,110	0	1,110
Total US Department of Labor					\$0	\$13,408	\$0	\$13,408
								\$0

(continued)

ALLEGANY COUNTY, MARYLAND  
OVERSIGHT ENTITY

page 3 of 4

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 1989

FEDERAL GRANTOR\AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1988	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1989
<b>US Dept. of Transportation:</b>									
\Federal Aviation Administration									
Cumberland Airport AWOS III	20.106	FA-EA 3314	N/A	36,000	(\$202)	\$31,414	\$3,354	\$34,366	\$0
\Federal Highway Administration									
Passed through Maryland Department of Transportation									
H8302 Williams Road	20.205	BR-SOS-1(169)	A672-951-612	140,000	0	5,634	(5,634)	0	0
H8303 Packhorse Rd Bridge	20.205	BR-SOS-1(175)	A678-951-612	400,000	0	1,658	(1,658)	0	0
\Urban Mass Trans. Admin:									
Passed through Maryland Department of Transportation									
Operating Assistance (FY88)	20.507	MD-90-4034	MD-90-4034	\$212,104	0	205,291	102,645	307,936	0
Operating Assistance (FY88)	20.509	MD-18-4005	MD-18-4005	13,643	0	13,643	43,203	56,846	0
Operating Assistance (FY89)	20.507	MD-90-4039	MD-90-4039	287,973	0	0	220,000	220,000	0
Operating Assistance (FY89)	20.509	MD-18-4005	MD-18-4005	16,601	0	0	0	0	0
Capital Assistance	20.500	MD-90-0034	MD-90-0034	248,000	0	0	0	0	0
Capital Assistance	20.500	MD-90-0031	MD-90-0031	24,000	0	0	0	0	0
Capital Assistance	20.500	MD-90-0022	MD-90-0022	24,000	0	5,319	997	6,316	0
Capital Assistance	20.500	MD-90-0018	MD-90-0018	453,000	0	0	0	0	0
\National Highway Traffic Safety Admin:									
Passed through Maryland Department of Transportation									
EMT-Paramedic and Basic									
Life Support Training	20.600	N/A	88044	25,000	0	21,772	57	21,829	0
55 Speed Enforcement	20.600	N/A	87009	16,000	0	13,906	148	14,054	0
\Urban Mass Trans. Admin. & Federal Highway Administration									
Passed through Maryland Department of Transportation									
Unified Planning Work Program 89	20.505	AW086-298-046	MD-08-8011	30,000	0	0	0	0	0
Unified Planning Work Program 88	20.505	AW086-298-046	MD-08-8009	36,800	0	11,767	0	11,767	0
Total US Department of Transportation					(\$202)	\$310,404	\$363,112	\$673,314	\$0

(continued)

ALLEGANY COUNTY, MARYLAND  
OVERSIGHT ENTITY

page 4 of 4

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 1989

FEDERAL GRANTOR/AGENCY <u>PROGRAM TITLE</u>	FEDERAL CFDA <u>NUMBER</u>	FEDERAL GRANT <u>NUMBER</u>	PASS-THROUGH GRANTOR'S <u>NUMBER</u>	PROGRAM/ AWARD <u>AMOUNT</u>	BEGINNING BALANCE AT <u>JULY 1, 1988</u>	REVENUES	OTHER FINANCING <u>SOURCES/USES</u>	ENDING BALANCE AT <u>JUNE 30, 1989</u>
<u>Appalachian Regional Commission:</u>								
ARC 302 Project Income Downtown Westerport Revitalization Project	23.011	83.115	N/A	300,000	\$0	\$232,602	\$0	\$0
Passed through Md. Dept. of Housing and Community Development:					0	0	0	0
ARC 207 Technical Assistance	23.005	N/A	C001619Y	N/A	0	11,370	0	11,370
<u>Total Appalachian Regional Commission</u>					<u>\$0</u>	<u>\$243,972</u>	<u>\$0</u>	<u>\$11,370</u>
<u>Environmental Protection Agency</u>								
Office of Water								
Georges Creek Step 3	66.418	C-240382-03	N/A	14,065,000	\$0	\$0	\$0	\$0
Oldtown Sewage Project	66.418	C-240384-03	N/A	601,270	0	0	0	0
Valley Road/Bowmans Addition Sewage Project	66.418	C-240596-03	N/A	1,292,470	0	0	0	0
Flintstone Sewage Project	66.418	C-240383-01	N/A	12,000	0	0	0	0
Flintstone Sewage Project	66.418	C-240383-02	N/A	19,993	0	0	0	0
Flintstone Sewage Project	66.418	C-240383-03	N/A	771,300	0	0	0	0
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	0	45,300	0	142,841
<u>Total Environmental Protection Agency</u>					<u>\$0</u>	<u>\$45,300</u>	<u>\$0</u>	<u>\$142,841</u>
<u>Federal Emergency Management Agency:</u>								
State and Local Programs Support Passed through Maryland Emergency and Civil Defense Agency:								
Civil Defense FY 1988	83.503	MD-280	MD-280	N/A	(\$8,022)	\$8,022	\$0	\$0
Civil Defense FY 1989	83.503	MD-280	MD-280	N/A	0	26,296	21,181	56,025
<u>Total Federal Emergency Management Agency</u>					<u>(\$8,022)</u>	<u>\$34,318</u>	<u>\$21,181</u>	<u>\$56,025</u>
<u>Total Federal Financial Assistance Programs</u>					<u>\$335,679</u>	<u>\$4,438,406</u>	<u>\$2,912,551</u>	<u>\$6,538,113</u>
								<u>\$1,148,523</u>

## ALLEGANY COUNTY, MARYLAND

### NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS JUNE 30, 1989

#### Note 1 - Scope of Audit

All federal financial assistance programs under the control of the Board of Commissioners of Allegany County, Maryland are included in the scope of this single audit. The single audit was conducted in accordance with the provisions of the Single Audit Act of 1984 and the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments (April, 1985 revision). Compliance testing of all general requirements, as described in the Compliance Supplement was performed. Compliance testing of specific requirements was performed on the following programs. These programs represent all federal financial assistance programs with fiscal year 1989 expenditures in excess of \$300,000 and cover 80.6% of total federal financial assistance program expenditures:

<u>Grant Description</u>	<u>CFDA Number</u>	<u>Fiscal Year 1989 Expenditures</u>
Business Incubator Program	11.307	\$ 800,283
Medicaid	13.714	3,514,694
Section 8 Housing Funds	14.156	424,631
Urban Mass Transit		
Administration Grants	20.507	527,936
 Total		 <u>\$ 5,267,544</u>

Compliance testing of specific requirements was also performed on federal transactions tested during the audit of the general purpose financial statements that relate to a federal financial assistance program.

#### Note 2 - Cognizant Audit Agency

The United States Department of Health and Human Services has been designated cognizant audit agency for the Single Audit.

## ALLEGANY COUNTY, MARYLAND

### NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS (Continued) JUNE 30, 1989

#### Note 3 - Fiscal Period Audited

Single audit testing procedures were performed for program transactions occurring during the period July 1, 1988 to June 30, 1989.

#### Note 4 - 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 and to facilitate comparability to the County's general purpose financial statements prepared on the same basis of accounting.

The accompanying Schedule of Federal Financial Assistance 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 National Council on Government Accounting ("NCGA") Statement 3 who are responsible for administering their own Federal programs and submitting their own Single Audit reports.

- Allegany County Board of Education
- Allegany County Library System
- Allegany County Transit Authority
- Allegany Community College
- LaVale Sanitary Commission

**ALLEGANY COUNTY, MARYLAND**

**NOTES TO SCHEDULE OF  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
(Continued)  
JUNE 30, 1989**

Note 4 - **Summary of Significant Accounting Policies - (continued)**

**Beginning and Ending Balances**

The beginning and ending balances in the accompanying schedule of federal financial assistance represent project and/or fund balances at July 1, 1988 and June 30, 1989, respectively. As a result of preparing the accompanying Schedule of Federal Financial Assistance 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 Federal Financial Assistance 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 operating transfers-out and reallocation of bond proceeds. 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 statement.

## ALLEGANY COUNTY, MARYLAND

### NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS (Continued) JUNE 30, 1989

#### Note 5 - Prior Year Federal Financial Assistance Programs

During fiscal year 1989 Allegany County became aware of the fact that its nursing home medicaid revenues received from the State of Maryland are in fact federal revenues passed through to them by the State of Maryland.

With the approval of the cognizant agency, Allegany County is presenting the following Medicaid revenues and expenditures for fiscal years 1986 through 1988 in the notes to the 1989 schedule of federal financial assistance programs.

	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>
Beginning Balance	\$ -0-	\$ -0-	\$ -0-
Revenues	1,823,126	1,926,528	2,019,853
Other Financing Sources	1,125,657	1,284,350	1,311,381
Expenditures	<u>(2,948,783)</u>	<u>(3,210,878)</u>	<u>(3,331,234)</u>
Ending Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

In accordance with the cognizant agency's instructions, the compliance testing of specific requirements was performed on the Medicaid expenditures for fiscal years 1985 through 1988. The results of the testing indicated that there were no findings or questioned costs for those years.

Fiscal year 1989 Medicaid revenues and expenditures were included in the scope of the 1989 single audit testing as indicated in Note 1.

ALLEGANY COUNTY, MARYLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1989

PROGRAM	FINDING	QUESTIONED COST
U.S. Department of Housing and Urban Development - Section 8 Funds passed through Maryland Department of Economic and Community Development.	Of twenty-five expenditures selected for examination, one instance was noted wherein a tenant file could not be located. Therefore no single audit testing procedures could be extended to this expenditure. We recommend that the County take the necessary steps (i.e. initial interview, initial inspection, income verification) to document this tenants file.	\$ 112

**ALLEGANY COUNTY, MARYLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 1989**

PROGRAM	FINDING	QUESTIONED COST
U.S. Department of Housing and Urban Development - Section 8 Funds passed through Maryland Department of Economic and Community Development.	<p>Form 50059 is required to be filed annually within 180 days of the end of the tenants' contract. Of twenty-five expenditures selected for examination, one instance was noted wherein the Form 50059 was not in agreement with either the supporting worksheets or the check disbursements. Form 50059 indicates the landlord should receive \$217. The supporting worksheets and the monthly check disbursements indicate the landlord receiving \$210 and the tenant receiving a \$7 utility reimbursement. We recommend the County correct Form 50059 to reflect the amounts on the worksheets and check disbursements.</p>	None

**ALLEGANY COUNTY, MARYLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 1989**

PROGRAM	FINDING	QUESTIONED COST
U.S. Department of Housing and Urban Development - CDBG Funds.	<p>Prior to 1988, Allegany County Public Housing Authority was a subrecipient of Allegany County, Maryland's CDBG funds. The 1985, 1986, 1987 and 1988 Public Housing Authority's Single Audit Reports received by the County in September, 1989 contained an undetermined question cost because the CDBG funds were commingled with other PHA funds in a checking account for which there were no books of account maintained and no internal controls administered. To date, the questioned cost has not been determined and the finding remains open at this time. We recommend the County continue its efforts to have the PHA finding resolved.</p>	Undetermined

**ALLEGANY COUNTY, MARYLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED JUNE 30, 1989**

PROGRAM	FINDING	QUESTIONED COST
U.S. Department of Housing and Urban Development - CDBG Funds.	The County is required to file a Minority Business Enterprise Report semi-annually. One of the semi-annual reports was not filed by the County since there was no activity for that period. However, discussions with HUD indicate that a report is required even if there is no activity. We recommend the County file the Minority Business Enterprise Report indicating there was no activity.	None

## ALLEGANY COUNTY, MARYLAND

### STATUS OF 1988 FINDINGS FOR THE YEAR ENDED JUNE 30, 1989

PROGRAM	FINDING	STATUS
U.S. Department of Agriculture - Farmers Home Administration Pekin/Moscow Water Project	Before Allegany County, Maryland assumed control of Allegany County Sanitary Districts, Inc. on January 1, 1988, the Pekin/Moscow Project was administered by Allegany County Sanitary Districts, Inc. Federal regulations require local governments administering Federal funds to have a formal policy of nondiscrimination. Allegany County Sanitary Districts, Inc. had no such policy.	To resolve this finding the County has subjected the Allegany County Sanitary Districts, Inc. federal expenditures to the County's internal controls and policies. One of those policies is a policy of nondiscrimination

**ALLEGANY COUNTY, MARYLAND**

**STATUS OF 1988 FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 1989**

PROGRAM	FINDING	STATUS
U.S. Department of Housing and Urban Development - Section 8 Program,	<p>Form 50059 is required to be filed annually within 180 days of the end of the tenant's contract. Of twenty-five expenditures selected for testing, sixteen instances were noted wherein the form was filed late.</p> <p>An annual inspection report is required to be filed prior to executing the HAP contract to ensure the unit meets Housing Quality Standards. Of twenty-five expenditures selected, five instances were noted wherein the report was filed late.</p>	<p>To resolve these two findings, the County has updated its procedures to ensure Form 50059 and the annual inspection report are filed timely.</p>

**ALLEGANY COUNTY, MARYLAND**

**STATUS OF 1988 FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 1989**

PROGRAM	FINDING	STATUS
U.S. Department of Housing and Urban Development - Section 8 Housing, Funds.	The County is required to review the contract rent and utility allowances for each unit to assure they do not exceed certain rent limitations. Of thirty-two expenditures selected for examination the County could not locate evidence of such procedures being performed for seven of the tenant files examined.	To resolve this finding, the County located the required evidence.

Independent Auditor's Report  
on Schedule of Federal  
Financial Assistance

---

Board of Allegany County  
Commissioners  
3 Pershing Street  
Cumberland, Maryland

We have examined the general purpose financial statements of Allegany County, Maryland for the year ended June 30, 1985, and have issued our report thereon dated December 18, 1985. Our examination of such general purpose financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions issued by the U. S. General Accounting Office, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule 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.

*Delaney, Turnbull & Associates, PA.*

December 18, 1985

ALLEGANY COUNTY, MARYLAND  
OVERSIGHT ENTITY

page 1 of 3

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 1985

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1984	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1985
<b><u>US Dept. of Housing and Urban Development</u></b>									
Community Development Block Grants									
1983 CDBG	14.219	B83-HJ-24-0001	N/A	\$242,400	\$0	\$207,733	\$0	\$266,152	(\$58,419)
1982 CDBG	14.219	B82-DH-24-0004	N/A	500,000	(25,780)	38,775	61,880	73,793	1,082
1980 CDBG	14.219	A80-DN-24-0100	N/A	1,570,000	15,066	173,877	3,445	185,981	6,407
1980 CDBG	14.219	B80-DN-24-010	N/A	379,580	(3,482)	90,240	0	86,758	0
Passed through Maryland Dept. of Economic and Community Development:									
Section 8 Mod Rehab	14.156	P-3525	MD06-K020	217,140	(127)	20,578	0	19,144	1,307
Section 8 Mod Rehab Admin	14.156	P-3525	MD06-K020		0	3,182	0	3,182	0
Section 8 Existing	14.156	P-3507	MD06-E020	241,230	1,571	233,253	0	233,761	1,063
Section 8 Existing Admin	14.156	P-3507	MD06-E020		0	33,083	0	33,083	0
<b>Total US Department of HUD</b>					<b>(\$12,752)</b>	<b>\$800,721</b>	<b>\$65,325</b>	<b>\$901,854</b>	<b>(\$48,560)</b>
<b><u>US Dept. of Agriculture:</u></b>									
Farmers Home Administration:									
Industrial Development Grant									
Westport Industrial Park	10.418	N/A	N/A	95,000	(\$8,930)	\$69,555	\$0	\$99,213	(\$38,588)
Passed through Maryland Dept. of Education:									
Temporary Emergency Food Assistance Program	10.568	N/A	N/A	N/A	0	13,944	0	13,944	0
<b>Total US Department of Agriculture</b>					<b>(\$8,930)</b>	<b>\$83,499</b>	<b>\$0</b>	<b>\$113,157</b>	<b>(\$38,588)</b>

(continued)

**ALLEGANY COUNTY, MARYLAND**  
**OVERSIGHT ENTITY**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 1985**

page 2 of 3

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1984	REVENUES	OTHER FINANCING SOURCES/USES	ENDING BALANCE AT JUNE 30, 1985
<b>US Dept. of Transportation:</b>								
\Urban Mass Trans. Admin:								
Maryland Mass Transit Admin.								
Operating Assistance (FY84)	20.507	MD-90-4026	MD-90-4026	\$208,087	\$0	\$173,461	\$0	\$173,461
Operating Assistance (FY85)	20.507	MD-18-4018	MD-18-4018	208,100	0	0	140,000	140,000
Capital Assistance	20.500	MD-90-0009	MD-90-0009		0	22,690	4,254	26,944
Maryland Dept. of Transportation								
H8301 PPG Bridge	20.205	BR-SOS-1(168)	A671-951-612	500,000	14,860	20,390	0	36,819
H8302 Williams Road Bridge	20.205	BR-SOS-1(169)	A672-951-612	140,000	34,711	18,086	0	41,333
H8303 Packhorse Rd Bridge	20.205	BR-SOS-1(175)	A672-951-612	400,000	99,902	216,595	0	322,806
H8307 Bridge Inspection Program	20.205	BR-NBIS-(038)	A706-951-612	101,000	24,000	0	0	(6,309)
Mexico Farms Bridge	20.205	BR-SOS-1(236)	A706-951-612	325,600	0	0	0	24,000
Total US Department of Transportation					\$173,473	\$451,222	\$144,254	\$741,363
								\$27,586
<b>US Department of the Treasury:</b>								
\Revenue Sharing								
Entitlement 15	21.300	21-1-001-001	N/A	983,457	0	245,880	0	245,880
Entitlement 16	21.300	21-1-001-001	N/A	1,126,733	0	852,243	248,477	1,100,720
Total US Department of the Treasury					\$0	\$1,098,123	\$248,477	\$1,346,600
								\$0
<b>US Department of Health and Human Services:</b>								
\Health Care Financing Administration								
Pass through Maryland Dept. of								
Human Resources:								
Medicaid; Nursing Home Care	13.714	N/A	N/A	N/A	(\$58,011)	\$1,888,182	\$1,086,210	\$2,916,381
\Family Support Administration:								
Pass through Maryland Dept. of								
Human Resources:								
Title IV Child Support Enforcement	13.783	N/A	1110	30,517	0	21,613	14,410	36,023
Child Support Enforcement	13.783	N/A			0	0	0	0
Total US Department of Health and Human Services					(\$58,011)	\$1,909,795	\$1,100,620	\$2,952,404
								\$0

(continued)

**ALLEGANY COUNTY, MARYLAND**  
**OVERSIGHT ENTITY**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 1985**

page 3 of 3

FEDERAL GRANTOR\AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1984	REVENUES	OTHER FINANCING SOURCES/USES	ENDING BALANCE AT JUNE 30, 1985
<b><u>Federal Emergency Management Agency:</u></b>								
Passed through Maryland Emergency and Civil Defense Agency:								
Civil Defense	83.516	MD-280	MD-280	N/A	\$0	\$35,159	\$35,159	\$70,318
Civil Defense FY 1989	83.503	MD-280	MD-280	N/A	0	0	0	0
<b>Total Federal Emergency Management Agency</b>					<u>0</u>	<u>35,159</u>	<u>35,159</u>	<u>70,318</u>
<b><u>US Department of Interior:</u></b>								
Appalachian Regional Commission:								
ARC 302 Project Income	23.011	83.115	N/A	300,000	\$0	\$16,646	\$0	\$11,178
ARC 207 Technical Assistance	23.005	N/A	C001619Y	28,746	(411)	0	13,714	27,428
Westernport Industrial Park	23.002	N/A	N/A	244,000	(24,743)	178,618	2,015	255,118
Appalachian Regional Commission:								
Passed through State Highway Administration of Maryland								
H8312 MF Access Road (ARC 201)		ALR-23-008	APL-5000	395,429	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total US Department of Interior</b>					<u>(\$25,154)</u>	<u>\$195,264</u>	<u>\$15,729</u>	<u>\$293,724</u>
<b>Total (\$107,885)</b>								
<b><u>US Department of Commerce:</u></b>								
Economic Development Administration:								
Energy Projects	01-11-01717.60	N/A		\$31,350	\$300	\$1,200	\$0	\$1,500
Energy Projects	01-11-02217.60	N/A		250,000	300	1,200	0	1,500
Mexico Farms Rail Siding	01-01-02590	N/A			77,463	23,196	0	26,249
<b>Total US Department of Commerce</b>					<u>\$78,063</u>	<u>\$25,596</u>	<u>\$0</u>	<u>\$29,249</u>
<b>Total \$74,410</b>								
<b><u>US Department of Labor:</u></b>								
Passed through the Western Maryland Consortium								
Job Training Partnership Act	17.246-50	N/A	85-033-135		\$0	\$9,108	\$0	\$9,108
<b>Total US Department of Labor</b>					<u>\$0</u>	<u>\$9,108</u>	<u>\$0</u>	<u>\$9,108</u>
<b>Total \$0</b>								
<b>Total Federal Financial Assistance Programs</b>					<u><u>\$146,689</u></u>	<u><u>\$4,608,487</u></u>	<u><u>\$1,609,564</u></u>	<u><u>\$6,457,777</u></u>
								<u><u><b>(\$93,037)</b></u></u>

## ALLEGANY COUNTY, MARYLAND

### NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS JUNE 30, 1985

#### Note 1 - Scope of Audit

All federal financial assistance programs under the control of the Board of Commissioners of Allegany County, Maryland are included in the scope of this single audit. The single audit was conducted in accordance with the provisions of Single Audit Act of 1984 and the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments (April, 1985 revision). The County's Single Audit for fiscal year ending June 30, 1985 is a gap period audit. Therefore, the 1985 Schedule of Federal Financial Assistance Programs, Auditor's Report on Schedule of Federal Financial Assistance and the Schedule of Findings and Questioned Costs are being included in the County's 1989 single audit in accordance with instructions from the cognizant agency.

#### Note 2 - Cognizant Audit Agency

The United States Department of Health and Human Services has been designated cognizant audit agency for the Single Audit.

#### Note 3 - Subrecipient Single Audit

During fiscal year 1985, the County passed through CDBG funds to Allegany County Public Housing Authority whose 1985 single audit contained a possible question cost regarding these funds that could not be determined. That finding is still considered open at this time and will be monitored by the County and reported in future single audit reports under "Status of Prior Year Findings".

## ALLEGANY COUNTY, MARYLAND

### NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS (Continued) JUNE 30, 1985

#### Note 4 - Fiscal Period Audited

Single audit testing procedures were performed for program transactions occurring during the period July 1, 1984 to June 30, 1985.

#### Note 5 - 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 and to facilitate comparability to the County's general purpose financial statements prepared on the same basis of accounting.

The accompanying Schedule of Federal Financial Assistance 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 National Council on Government Accounting ("NCGA") Statement 3 who are responsible for administering their own Federal programs and submitting their own Single Audit reports.

- Allegany County Board of Education
- Allegany County Library System
- Allegany County Transit Authority
- Allegany Community College
- LaVale Sanitary Commission

ALLEGANY COUNTY, MARYLAND

NOTES TO SCHEDULE OF  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
(Continued)  
JUNE 30, 1985

**Note 5 - Summary of Significant Accounting Policies - (continued)**

**Beginning and Ending Balances**

The beginning and ending balances in the accompanying schedule of federal financial assistance represent project and/or fund balances at July 1, 1984 and June 30, 1985, respectively. As a result of preparing the accompanying Schedule of Federal Financial Assistance 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 Federal Financial Assistance 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 operating transfers-out and reallocation of bond proceeds. 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 statement.

**ALLEGANY COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 1985**

PROGRAM	FINDING	QUESTIONED COST
U.S. Department of Health and Human Services Medicaid Program passed through Maryland Department of Health and Mental Hygiene.	As required by 42 CFR 405 (subpart J and K) and 42 CFR (subpart F) the County's nursing home is required to meet health and safety standards. The County's nursing home could not locate its license to operate issued by the State of Maryland Department of Health and Mental Hygiene. We recommend the County's nursing home implement procedures to ensure the license can be easily located in the future.	None

**ALLEGANY COUNTY, MARYLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 1985**

PROGRAM	FINDING	QUESTIONED COST
U.S. Department of the Treasury - Revenue Sharing Grant No. 21-1-001-001 Entitlement 17	<p>In administering the Federal Revenue Sharing Funds, the County was unaware of and therefore failed to comply with the following requirements:</p> <ul style="list-style-type: none"><li>• Publish an "initial notice" that the County does not discriminate on the basis of handicap in employment, admission or access to or treatment in its programs or activities including the name of the employee who coordinated compliance with handicap regulations as required by 31 CFR 51.55 (e).</li><li>• Publicize in a newspaper of general circulation that the prior audit report is available for public inspection as required by 31 CFR 51.108 (a) (b).</li></ul> <p>We recommend the County comply with the aforementioned requirements should the Federal Revenue Sharing program be reinstated and the County is a recipient of such funds.</p>	None