

ALLEGANY COUNTY, MARYLAND

SINGLE AUDIT REPORT

JUNE 30, 1991

**ALLEGANY COUNTY, MARYLAND
SINGLE AUDIT REPORT
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**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE
OF FEDERAL FINANCIAL ASSISTANCE**

Board of Allegany County Commissioners
701 Kelly Road, Suite 214
Cumberland, Maryland 21502

We have audited the general purpose financial statements of Allegany County, Maryland for the year ended June 30, 1991, and have issued our report thereon dated January 31, 1992. 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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget 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 the general purpose financial statements are free of material misstatement. An audit 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 conducted 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.

Delaney, Turnbull & Associates, P.A.

January 31, 1992

Member

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

Board of Allegany County Commissioners
701 Kelly Road, Suite 214
Cumberland, Maryland 21502

We have applied procedures to test Allegany County, Maryland's compliance with the following requirements applicable to each of its federal financial assistance programs, the major programs of which are identified in the schedule of federal financial assistance, for the year ended June 30, 1991: political activity, Davis-Bacon Act, civil rights, cash management, relocation assistance and real property management, federal financial reports, allowable costs/cost principles, Drug-free Workplace Act, and administrative requirements.

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. Also, the results of our procedures did not disclose any immaterial instances of noncompliance 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 31, 1992

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

Board of Allegany County Commissioners
701 Kelly Road, Suite 214
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, 1991. 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 did not disclose any immaterial instances of noncompliance with the requirements referred to above.

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, 1991.

Delaney, Turnbull & Associates, P.A.

January 31, 1992

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

Board of Allegany County Commissioners
701 Kelly Road, Suite 214
Cumberland, Maryland 21502

In connection with our audit of the 1991 financial statements of Allegany County, Maryland, and with our consideration of the County's internal control structure 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, 1991.

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 31, 1992

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**SINGLE AUDIT COMBINED REPORT
ON INTERNAL CONTROL STRUCTURE**

Board of Allegany County Commissioners
701 Kelly Road, Suite 214
Cumberland, Maryland 21502

We have audited the general purpose financial statements of the Allegany County, Maryland (the County), for the year ended June 30, 1991, and have issued our report thereon dated January 31, 1992. We have also audited the County's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated January 31, 1992.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (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 the general purpose financial statements are free of material misstatement and about whether the County complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1991, we considered the County's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the County's combined financial statements and on its compliance with requirements applicable to major federal financial assistance programs and not to provide assurance on the internal control structure.

The management of the County 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, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors,

irregularities, or instances of noncompliance 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:

Accounting Controls

- Revenues
- Personal Service Expenditures
- Other Than Personal Service Expenditures

General Requirements

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Relocation assistance and real property acquisition
- Federal financial reports
- Allowable costs/cost principles
- Drug-free workplace
- Administrative requirements

Specific Requirements

- Types of services
- Eligibility
- Matching, level of effort, and earmarking
- Reporting
- Cost allocation
- Special requirements
- Monitoring subrecipients

Claims for Advances and Reimbursements

Amounts Claimed or Used for Matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1991, the County expended 85% percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the County's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the specific 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 general purpose financial statements being audited or that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the County in a separate letter dated January 31, 1992.

This report is intended solely for the information and use 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 distribution of this report, which is a matter of public record.

Delaney, Turnbull + Associates, P.A.

January 31, 1992

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

Board of Allegany County Commissioners
701 Kelly Road, Suite 214
Cumberland, Maryland 21502

We have audited the general purpose financial statements of Allegany County, Maryland as of and for the year ended June 30, 1991, and have issued our report thereon dated January 31, 1992.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget 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 the general purpose 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 31, 1992

**ALLEGANY COUNTY, MARYLAND
OVERSIGHT ENTITY**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1991**

FEDERAL GRANTOR\AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1990	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1991
US Dept. of Agriculture:									
\Farmers Home Administration:									
Pekin/Moscow Water Project									
FHA Grant	10.418	N/A	N/A	770,600	(\$395)	\$0	\$395	\$0	\$0
Piney Dam Project									
FHA Grant	10.418	N/A	N/A	697,200	0	697,200	0	697,200	0
FHA Loan	10.418	N/A	N/A	395,800	0	395,800	0	395,800	0
\Farmers Home Administration:									
Passed through Appalachian Regional Comm.\Passed through Maryland Dept. of Economic and Community Development:									
Mexico Farms utility relocation	10.424	N/A	MD91-ED75	335,000	0	115,138	0	115,138	0
\Food and Nutrition Service:									
Pass through Maryland Dept. of Health and Mental Hygiene:									
Summer Camp Program	10.559	N/A	MR 248 MRS		0	2,787	9,513	12,300	0
Passed through Maryland Dept. of Education:									
Temporary Emergency Food Assistance Program	10.568	N/A	N/A	N/A	0	7,931	0	7,931	0
Total US Department of Agriculture					(\$395)	\$1,218,856	\$9,908	\$1,228,369	\$0
US Department of Commerce:									
\Economic Development Administration:									
North Branch Force Main & Pumping Station	11.300	01-01-03099	N/A	1,260,000	\$0	\$0	\$0	\$166,497	(\$166,497)
Passed through Tri-County Council Business Incubator Program	11.307	01-19-02884	01-19-02884	648,750	(16,890)	0	16,890	0	0
Total US Department of Commerce					(\$16,890)	\$0	\$16,890	\$166,497	(\$166,497)

(continued)

ALLEGANY COUNTY, MARYLAND
OVERSIGHT ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1991

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1990	REVENUES	OTHER FINANCING SOURCES/USES	ENDING BALANCE AT JUNE 30, 1991
US Department of Health and Human Services:								
\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	\$3,700,760	\$158,107	\$3,858,867
\Family Support Administration:								
Pass through Maryland Dept. of Human Resources:								
Child Support Enforcement	13.783	N/A	CR-07/91-001	92,210	0	80,239	46,985	127,224
Masters Program	13.783	N/A	CR-07/91-003	37,360	0	31,799	19,572	51,371
Total US Department of Health and Human Services					\$0	\$3,812,798	\$224,664	\$4,037,462
US Dept. of Housing and Urban Development								
\Community Planning and Development								
1985 Small Cities Block Grant	14.219	B85-DH-24-0002	N/A	\$300,000	\$0	\$0	\$0	\$0
CDBG Project Income - Housing	14.219	N/A	N/A	0	335,938	7,824	161	4,275
CDBG Project Income - Economic Opportunity	14.219	N/A	N/A	0	(241,247)	49,321	0	(191,926)
Passed through Maryland Dept. of Economic and Community Development:								
Section 8 Existing	14.156	P-3507	MD06-E020	241,230	34,014	328,501	0	358,143
Section 8 Mod Rchab	14.156	P-3525	MD06-K020	217,140	2,619	25,163	0	26,665
Section 8 Existing Admin	14.156	P-3507	MD06-E020	0	40,220	0	40,220	0
Section 8 Mod Rchab Admin	14.156	P-3525	MD06-K020	0	3,300	0	3,300	0
Section 8 Voucher Program	14.177			0	3,567	0	3,203	364
Section 8 Voucher Program Admin	14.177			0	374	0	374	0
Section 8 Voucher Program Prelim	14.177			0	2,952	0	2,952	0
Small Cities CDBG - Celanese Sewage Treatment Plant Rehab	14.228	N/A	MD-87-ARC-2	1,190,000	222,520	0	158,957	788,681
Bible Enterprises Project	14.228	N/A	MD-90-ED-2	50,000	0	50,000	0	50,000
Lonaconing Rehab Project	14.228	N/A	MD-89-CD-01	168,040	0	6,024	0	6,024
Frostburg Industrial Park Expansion	14.228	N/A	MD-89-ED-39	300,000	(341,794)	284,020	0	182,754
Allegany Manor Water Project	14.228	N/A	MD-89-ED-40	162,500	(4,745)	11,200	0	6,455
Emergency Shelter Grant Program	14.231	N/A	ESG-BOS-1	22,045	0	21,162	0	21,162
Total US Department of HUD					\$7,305	\$833,628	\$159,118	\$1,494,208
								(\$494,157)

(continued)

ALLEGANY COUNTY, MARYLAND
OVERSIGHT ENTITY
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1991

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1990	REVENUES	OTHER FINANCING SOURCES/USES	ENDING BALANCE AT JUNE 30, 1991
US Department of Justice:								
Office of Justice Programs:								
Passed through MD. Governor's Office of Justice Assistance								
Allegany Co. Drug Prevention Pro	16.579	N/A	DLE-90-041	\$33,750	\$0	\$33,750	\$12,629	\$46,379
Allegany Co Narcotics Task Force	16.579-80	N/A	N/A	N/A	0	3,621	86,503	43,241
Total US Department of Justice:					\$0	\$37,371	\$99,132	\$89,620
								\$46,883
US Department of Labor:								
Passed through the Western Md Consortium								
Job Training Partnership Act	17.246-50	N/A	JA-512		\$0	\$649	\$0	\$649
Job Training Partnership Act	17.246-50	N/A	91-A09-53		0	2,310	0	2,310
Job Training Partnership Act	17.246-50	N/A	JA-534		0	2,509	0	2,509
Total US Department of Labor					\$0	\$5,468	\$0	\$5,468
								\$0
US Dept. of Transportation:								
Federal Aviation Administration								
Cumberland Airport Planning	20.106	3-24-0013-02	N/A	60,213	(\$30,106)	\$48,170	\$6,222	\$32,113
Federal Highway Administration								
Passed through Maryland Department of Transportation								
Mexico Farms Bridge Project	20.205	BH-M-7514 (1)	A708-951-612	280,000	40,559	181,319	0	244,928
Urban Mass Trans. Admin:								
Passed through Maryland Department of Transportation								
Capital Assistance	20.500	MD-90-0022	MD-90-0022	24,000	0	5,298	993	6,291
Capital Assistance	20.500	MD-90-0031	MD-90-0031	24,000	0	21,671	4,063	25,734
Capital Assistance	20.500	MD-90-0034	MD-90-0034	248,000	0	129,391	24,261	153,652
Capital Assistance	20.500	MD-90-0039	MD-90-0039	202,904	0	83,499	15,656	99,155
Capital Assistance (FY90)	20.500	MD-90-0043	MD-90-0043	132,008	0	26,096	4,893	30,989
Operating Assistance (FY90)	20.507	MD-90-4043	MD-90-4043	240,000	0	228,366	114,183	342,549
Operating Assistance (FY91)	20.507	MD-90-4045	MD-90-4045	277,300	0	0	0	0
Operating Assistance Suppl (FY90)	20.509	MD-18-4007	MD-18-4007	11,772	0	1,177	5,019	6,196
Operating Assistance Suppl (FY91)	20.509	MD-18-4006	MD-18-4007	14,881	0	14,882	49,816	64,698

(continued)

ALLEGANY COUNTY, MARYLAND
OVERSIGHT ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1991

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1990	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1991
<u>US Dept. of Transportation (con't):</u>									
\National Highway Traffic Safety Admin:									
Passed through Maryland Department of Transportation									
55 Speed Enforcement	20.600	N/A	91-031	16,000	0	23,330	(278)	23,052	0
Region I Extrication Equipment	20.600	N/A	EM91-06	37,800	0	0	10,469	48,269	(37,800)
\Urban Mass Trans. Admin. & Federal Highway Administration									
Passed through Maryland Department of Transportation									
Unified Planning Work Program 90	20.505	AW086-298-046	MD-08-8012	36,800	0	15,275	2,063	17,338	0
Total US Department of Transportation					<u>\$10,453</u>	<u>\$778,474</u>	<u>\$237,360</u>	<u>\$1,094,964</u>	<u>(\$68,677)</u>
<u>Appalachian Regional Commission:</u>									
ARC 302 Project Income	23.011	83.115	N/A	300,000	\$227,340	\$10,268	\$74,944	\$312,552	\$0
Downtown Westerport Revitalization Project	23.011	83.92	MD-8390-82-Y1	480,000	(9,162)	313,102	25,000	342,815	(13,875)
Total Appalachian Regional Commission					<u>\$218,178</u>	<u>\$323,370</u>	<u>\$99,944</u>	<u>\$655,367</u>	<u>(\$13,875)</u>
<u>Environmental Protection Agency</u>									
Office of Water, Environmental Protection Agency									
Georges Creek Step 3	66.418	C-240382-03	N/A	14,065,000	\$0	\$0	\$0	\$0	\$0
Oldtown Sewage Project	66.418	C-240384-03	N/A	601,270	0	0	0	0	0
Valley Road/Brownans Addition Sewage Project	66.418	C-240596-03	N/A	1,292,470	0	0	0	0	0
Flintstone Sewage Project	66.418	C-240383-01	N/A	12,000	0	0	0	0	0
Flintstone Sewage Project	66.418	C-240383-02	N/A	19,993	0	0	0	0	0
Flintstone Sewage Project	66.418	C-240383-03	N/A	771,300	0	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	(25,563)	173,345	393,688	625,472	(84,002)
Total Environmental Protection Agency					<u>(\$25,563)</u>	<u>\$173,345</u>	<u>\$393,688</u>	<u>\$625,472</u>	<u>(\$84,002)</u>

(continued)

ALLEGANY COUNTY, MARYLAND
OVERSIGHT ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1991

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1990	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1991
Federal Emergency Management Agency:									
\State and Local Programs Support									
Passed through Maryland Emergency									
and Civil Defense Agency:									
Civil Defense FY 1990	83.503	MD-280	MD-280	N/A	0	48	(48)	0	0
Civil Defense FY 1991	83.503	MD-280	MD-280	N/A	0	43,839	19,951	63,790	0
Total Federal Emergency Management Agency					\$0	\$43,887	\$19,903	\$63,790	\$0
Total Federal Financial Assistance Programs					\$193,088	\$7,227,197	\$1,260,607	\$9,461,217	(\$780,325)

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
JUNE 30, 1991

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 (September, 1990 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 1991 expenditures in excess of \$300,000 and cover 85% of total federal financial assistance program expenditures:

<u>Grant Description</u>	<u>CFDA Number</u>	<u>Fiscal Year 1991 Expenditures</u>
Farmers Home Administration	10.418	\$ 1,093,000
Medicaid	13.714	3,858,867
Section 8 Housing Funds	14.156	428,328
CDBG States Program	14.228	1,033,914
Mass Transit	20.507	342,549
Downtown Westernport Revitalization Project	23.011	655,367
Construction Grant for Wastewater Treatment Works	66.418	<u>625,472</u>
 Total		 <u>\$ 8,037,497</u>

Compliance testing of specific requirements was also performed on federal transactions tested during the audit of the general purpose financial statements.

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, 1991

Note 3 - Fiscal Period Audited

Single audit testing procedures were performed for program transactions occurring during the period July 1, 1990 to June 30, 1991.

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 in order 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, if necessary.

- 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, 1991

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, 1990 and June 30, 1991, 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. 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, 1991

Note 5.

Reconciliation of Beginning Balance at July 1, 1990

The total ending fund balance at June 30, 1990 per the 1990 Allegany County Single Audit does not agree with the total beginning fund balance at July 1, 1990 per the 1991 Allegany County Single Audit Report due to inadvertent omissions of certain federal programs in the June 30, 1990 Schedule of Federal Financial Assistance which are detailed below.

Ending Balance at June 30, 1990 per June 30, 1990 Schedule of Federal Financial Assistance	\$ 574,150
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Omitted Programs from 1990 Single Audit

CDBG Shades Building (CFDA #14.228)	(341,788)
CDBG Kreative Building (CFDA #14.228)	(6)
Federal Aviation Grant (CFDA #20.106)	(30,106)
Westernport Revitalization (CFDA #23.001)	<u>(9,162)</u>

Beginning Balance at July 1, 1990 per June 30, 1991 Schedule of Federal Financial Assistance	<u>\$ 193,088</u>
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None of the four aforementioned programs were major programs during fiscal year 1990. Therefore no additional testing for compliance with general and specific requirements was necessary as a result of the omission of these programs from 1990's Schedule of Federal Financial Assistance.

**ALLEGANY COUNTY, MARYLAND
STATUS OF 1990 FINDINGS
FOR THE YEAR ENDED JUNE 30, 1991**

PROGRAM	FINDING	STATUS
U.S. Department of Housing and Urban Development - CDBG Funds.	<p>The County is required to file a Minority Business Enterprise Report semi-annually. Both of the semi-annual reports were 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.</p>	Allegany County subsequently submitted the Minority Business Enterprise Reports to the Baltimore Office.

ALLEGANY COUNTY, MARYLAND
STATUS OF 1990 FINDINGS
FOR THE YEAR ENDED JUNE 30, 1991

PROGRAM	FINDING	STATUS
U.S. Department of Housing and Urban Development - Section 8 Funds passed through Maryland Department of Economic and Community Development.	<p>Of twenty-five expenditures selected for examination, one instance was noted wherein a tenant file could not be located after the department moved its entire operation to a new location. Therefore no single audit testing procedures could be extended to this expenditure. As the tenant is now deceased, subsequent documentation of this file is impossible. We recommend the County implement procedures to ensure all nonactive tenant files are maintained for the time period required by HUD regulations.</p>	<p>Allegany County has taken the steps necessary to document the missing tenant file.</p>