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ALLEGANY COUNTY FINANCE DEPT.

ALLEGANY COUNTY, MARYLAND

SINGLE AUDIT REPORT

JUNE 30, 1992

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, 1992, and have issued our report thereon dated January 12, 1993. 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 12, 1993

Member

American Institute of
Certified Public Accountants

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

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

We have audited the financial statements of Allegany County, Maryland as of and for the year ended June 30, 1992 and have issued our report thereon dated January 12, 1993. Our report was modified to refer to the reports of other auditors and to disclose a change in accounting principle involving the financial presentation of the County's component units.

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, 1992: 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 second 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. However, this report is a matter of public record and its distribution is not limited.

Delaney, Turnbull & Associates, P.A.

January 12, 1993

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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 the financial statements of Allegany County, Maryland, as of and for the year ended June 30, 1992, and have issued our report thereon dated January 12, 1993. Our report was modified to refer to the reports of other auditors and to disclose a change in accounting principle involving the financial presentation of the County's component units.

We have also 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, 1992. 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, 1992.

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. However, this report is a matter of public record and its distribution is not limited.

Delaney, Turnbull & Associates, P.A.

January 12, 1993

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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, 1992, and have issued our report thereon dated January 12, 1993. Our report was modified to refer to the reports of other auditors and to disclose a change in accounting principle involving the financial presentation of the County's component units. 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 12, 1993.

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, 1992, 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 general purpose 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, 1992, 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.

We noted a 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 County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements or to administer federal financial assistance programs in accordance with applicable laws and regulations.

Reportable Condition (Material Weakness): During our work at the County Nursing Home in the fiscal year 1991 audit we noted internal control weaknesses in the recordation and reconciliation of patient accounts receivable information and in the collection process. We recommended additional oversight by the County Finance Office on a monthly basis to assist in the recordation and reconciliation problems and an evaluation of alternative collection methods to avoid the need for financing from the County's General Fund. During our work at the County Nursing Home in fiscal year 1992 audit we noted that our 1991 recommendations were not implemented and that both conditions continued to deteriorate. The result has been a substantial increase in patient accounts receivable, considerable doubt about the collectibility of these receivables and an allowance for uncollectible accounts of \$500,000 which exceeds fifty percent of the total patient accounts receivable. We again advise the County to take assertive and immediate management action to address this situation. Also, the County should actively pursue collection efforts to avoid further General Fund subsidies.

County Response: During Fiscal Year 1992, Allegany County was significantly cut by the State of Maryland and these cuts adversely affected the County's operation. Due to the State's action and other financial problems the County was experiencing, management was forced to terminate several individuals, and the Finance Department lost one staff accountant. In addition, a considerable amount of time was spent on handling the cuts we received from the state as well as additional duties assigned to the Finance Office. In light of budget reductions and additional duties assigned to the Finance Office, the auditors recommendation of additional oversight by the Finance Office in the Nursing Home operations was neither feasible nor practical. It is hoped that with the steps being taken at this time the receivables will be controlled and eventually collected thereby eliminating this recommendation by the auditors.

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 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.

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 believe the reportable condition noted above to be a material weakness. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audits of the general purpose financial statements of the County, and of its compliance with requirements applicable to its major federal financial assistance programs for the year June 30, 1992, and this report does not affect our reports thereon dated January 12, 1993.

We also 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 12, 1993.

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. However, this report is a matter of public record and its distribution is not limited.

Delaney, Turnbull & Associates, P.A.

January 12, 1993

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**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH LAWS AND REGULATIONS
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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, 1992, and have issued our report thereon dated January 12, 1993. Our report was modified to refer to the reports of other auditors and to disclose a change in accounting principle involving the financial presentation of the County's component units.

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, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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. However, this report is a matter of public record and its distribution is not limited.

Delaney, Turnbull + Associates, P.A.

January 12, 1993

ALLEGANY COUNTY, MARYLAND

PRIMARY GOVERNMENT

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1992

FEDERAL GRANTOR\AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1991	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1992
US Dept. of Agriculture:									
\Farmers Home Administration:									
Piney Dam Project									
FHA Loan	10.418	N/A	N/A	395,800	\$0	\$7,792	\$0	\$7,792	\$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	0	0	0	0
\Food and Nutrition Service:									
Pass through Maryland Dept. of									
Education:									
Summer Camp Program	10.559	N/A	MR 248 MRS	N/A	0	3,057	9,513	12,570	0
Total US Department of Agriculture					\$0	\$10,849	\$9,513	\$20,362	\$0
US Department of Commerce:									
\Economic Development Administration:									
North Branch Force Main &									
Pumping Station	11.300	01-01-03099	N/A	1,260,000	(\$166,497)	\$439,923	\$725,168	\$1,024,149	(\$25,555)
Total US Department of Commerce					(\$166,497)	\$439,923	\$725,168	\$1,024,149	(\$25,555)
US Dept. of Housing and Urban Development									
\Community Planning and Development									
CDBG Project Income - Housing	14.219	N/A	N/A	0	339,648	7,328	165	14,413	332,728
CDBG Project Income - Economic									
Opportunity	14.219	N/A	N/A	0	(191,926)	69,343	0	0	(122,583)
Passed through Maryland Dept. of									
Economic and Community Development:									
Section 8 Existing	14.156	P-3507	MD06-E020	N/A	4,372	391,843	0	394,206	2,009
Section 8 Mod Rehab	14.156	P-3525	MD06-K020	N/A	1,117	23,267	0	23,706	678
Section 8 Existing Admin	14.156	P-3507	MD06-E020	N/A	0	42,140	0	42,140	0
Section 8 Existing Prelim Admin	14.156	P-3507	MD06-E020	N/A		2,250		2,250	0
Section 8 Mod Rehab Admin	14.156	P-3525	MD06-K020	N/A	0	3,300	0	3,300	0
Section 8 Voucher Program	14.177	P-3507V	MD06-V020	N/A	364	39,705	0	41,227	(1,158)
Section 8 Voucher Program Admin	14.177	P-3507V	MD06-V020	N/A	0	4,554	0	4,554	0
Section 8 Voucher Program Prelim	14.177	P-3507V	MD06-V020	N/A	0	1,098	0	1,098	0

(continued)

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1992

FEDERAL GRANTOR\AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1991	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1992
US Dept. of Housing and Urban Development (Con't):									
\Community Planning and Development									
Passed through Maryland Dept. of Economic and Community Development (Con't):									
Small Cities CDBG - Celanese									
Sewage Treatment Plant Rehab	14.228	N/A	MD-87-ARC-2	1,190,000	(407,204)	200,000	530,915	323,711	0
Lonaconing Rehab Project	14.228	N/A	MD-89-CD-01	168,040	0	91,966	0	112,880	(20,914)
Frostburg Industrial Park Expansion	14.228	N/A	MD-89-ED-39	855,750	(240,528)	445,556	450	564,180	(358,702)
Allegany Manor Water Project	14.228	N/A	MD-89-ED-40	162,500	0	138,197	258,800	396,997	0
Westermport Storm Sewer	14.228	N/A	MD-87-SP-37	284,500	(57,510)	100,441	209,140	252,071	0
Emergency Shelter Grant Program	14.231	N/A	ESG-BOS-1	22,045	0	32,524	0	32,524	0
Total US Department of HUD					<u>(\$551,667)</u>	<u>\$1,593,512</u>	<u>\$999,470</u>	<u>\$2,209,257</u>	<u>(\$167,942)</u>
US Department of Justice:									
\Office of Justice Programs:									
Passed through MD. Governor's Office of Justice Assistance									
Drug Prevention Program (DARE)	16.579	N/A	DLE-90-041	\$33,750	\$0	\$27,000	\$9,156	\$36,156	\$0
Drug Dog Purchase	16.579	N/A	DLE-91-090	3,975	0	3,561	1,187	4,748	0
Marijuana Eradication Program	16.579	N/A	DD-CX-0041	N/A	0	629	87	716	0
Narcotics Task Force	16.579-80	N/A	N/A	N/A	46,883	36,808	39,856	82,661	40,886
Total US Department of Justice:					<u>\$46,883</u>	<u>\$67,998</u>	<u>\$50,286</u>	<u>\$124,281</u>	<u>\$40,886</u>
US Department of Labor:									
Passed through the Western Md Consortium									
Job Training Partnership Act	17.246-50	N/A	92-A05-331	N/A	\$0	\$3,360	\$0	\$3,360	\$0
Total US Department of Labor					<u>\$0</u>	<u>\$3,360</u>	<u>\$0</u>	<u>\$3,360</u>	<u>\$0</u>
US Dept. of Transportation:									
\Federal Aviation Administration									
Cumberland Airport Planning	20.106	3-24-0013-02	MAA-GR-90-007	60,213	(\$7,827)	\$12,043	\$669	\$4,885	\$0
\Federal Highway Administration									
Passed through Maryland Department of Transportation									
Mexico Farms Bridge Project	20.205	BH-M-7514 (1)	A708-951-612	280,000	(23,050)	57,165	0	2,239	31,876
Town Creek Bridge	20.205	BR SOS-1(252)	A727-951-612	364,768	64,775	25,288	32,140	75,231	46,972

(continued)

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1992

FEDERAL GRANTOR\AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1991	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1992
US Dept. of Transportation (Con't):									
\Urban Mass Trans. Admin:									
Passed through Maryland Department of Transportation									
Capital Assistance	20.500	MD-90-0034	MD-90-0034	248,000	0	0	0	0	0
Capital Assistance	20.500	MD-90-0039	MD-90-0039	202,904	0	1,272	239	1,511	0
Capital Assistance (FY90)	20.500	MD-90-0043	MD-90-0043	132,008	0	0	0	0	0
Capital Assistance	20.500	MD-03-0052	MD-03-0052	525,000	0	0	0	0	0
Operating Assistance (FY92)	20.507	MD-90-4050	MD-90-4050	271,292	560,305	228,988	212,108	204,938	796,463
Operating Assistance Suppl (FY92)	20.509	MD-18-4009	MD-18-4009	18,058	0	7,200	35,335	42,535	0
\National Highway Traffic Safety Admin:									
Passed through Maryland Department of Transportation									
55 Speed Enforcement	20.600	N/A	91-031	16,000	0	7,418	790	8,208	0
Region 1 Extrication Equipment	20.600	N/A	EM91-06	37,800	(37,800)	37,800	0	0	0
\Urban Mass Trans. Admin. & Federal Highway Administration									
Passed through Maryland Department of Transportation									
Unified Planning Work Program 91	20.505	N/A	N/A	43,800	0	28,940	6,060	35,000	0
Total US Department of Transportation					<u>43,800</u>	<u>0</u>	<u>28,940</u>	<u>6,060</u>	<u>35,000</u>
					<u><u>\$556,403</u></u>	<u><u>\$406,114</u></u>	<u><u>\$287,341</u></u>	<u><u>\$374,547</u></u>	<u><u>\$875,311</u></u>
Appalachian Regional Commission:									
ARC 302 Project Income	23.011	83.115	N/A	300,000	\$0	\$637	\$493,838	\$356,162	\$138,313
Freeway Study, Technical Assistance	23.011	N/A	92-11	30,000	0	4,785		4,785	0
Downtown Westermport Revitalization Project	23.011	83.92	MD-8390-82-Y1	480,000	(13,875)	0	0	12,688	(26,563)
Total Appalachian Regional Commission					<u><u>(13,875)</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>\$373,635</u></u>	<u><u>\$111,750</u></u>

(continued)

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1992

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1991	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1992
Environmental Protection Agency									
\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/Bowmans 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	(84,002)	15,100	8,948	28,915	(88,869)
Total Environmental Protection Agency					(\$84,002)	\$15,100	\$8,948	\$28,915	(\$88,869)
Federal Emergency Management Agency:									
\State and Local Programs Support									
Passed through Maryland Emergency and Civil Defense Agency:									
Civil Defense FY 1992	83.503	MD-280	MD-280	N/A	0	27,199	24,205	60,854	(9,450)
Hazardous Materials Training	83.524	N/A	N/A	N/A	(7,450)	5,960	1,490	0	0
Total Federal Emergency Management Agency					(\$7,450)	\$33,159	\$25,695	\$60,854	(\$9,450)
US Department of Health and Human Services:									
\Family Support Administration:									
Pass through Maryland Dept. of Human Resources:									
Child Support Enforcement	93.023	N/A	CR-07/92-001	92,304	\$0	\$80,548	\$46,212	\$126,760	\$0
Masters Program	93.023	N/A	CR-07/92-003	38,716	0	36,203	21,980	58,183	0
\Health Care Financing Administration									
Pass through Maryland Dept. of Health & Mental Hygiene:									
Medicare; Nursing Home Care	93.773-4	N/A	N/A	N/A	0	80,665	0	80,665	0
Medicaid; Nursing Home Care	93.778	N/A	N/A	N/A	0	3,897,408	541,897	4,439,305	0
Medicaid; Medical Assistance Transportation Program	93.778	N/A	N/A	N/A	74,980	45,914	0	58,897	61,997
Total US Department of Health and Human Services					\$74,980	\$4,140,738	\$610,089	\$4,763,810	\$61,997
Total Federal Financial Assistance Programs					(\$145,225)	\$6,716,175	\$3,210,348	\$8,983,170	\$798,128

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
JUNE 30, 1992

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 1992 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 1992 Expenditures</u>
EDA North Branch Forcemain	11.300	\$ 1,024,149
Section 8 Housing Funds	14.156	465,602
CDBG States Program	14.228	1,649,839
Medicaid	93.778	<u>4,498,202</u>
Total		<u>\$ 7,637,792</u>

The expenditures for CFDA #23.011 total \$373,635. However, only \$5,422 represents Federal expenditures; the remaining \$368,213 represents expenditures of State and local funds. Thus, CFDA #23.011 is not listed as a major program.

Federal transactions from nonmajor programs were not selected for testing during the audit of the general purpose financial statements. Accordingly, testing of specific requirements related to nonmajor programs was not performed.

A "Schedule of Findings and Questioned Costs" and a "Status of Prior Year Findings" are not presented since a finding or questioned cost was not detected in the current or prior year.

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE PROGRAMS - (Continued)
JUNE 30, 1992

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 - Fiscal Period Audited

Single audit testing procedures were performed for program transactions occurring during the period July 1, 1991 to June 30, 1992.

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 Governmental Accounting Standards Board ("GASB") Statement 14 who are responsible for administering their own Federal programs and submitting their own Single Audit reports, if necessary.

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

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, 1991 and June 30, 1992, 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.

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE PROGRAMS - (Continued)
JUNE 30, 1992

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

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.

Note 5. Reconciliation of Beginning Balance at July 1, 1991

The total ending fund balance at June 30, 1991 per the 1991 Schedule of Federal Financial Assistance does not agree with the total beginning balance at July 1, 1991 per the 1992 Schedule of Federal Financial Assistance. The differences are due to the inadvertent omission of certain federal programs and as a result of the County assuming responsibility for the day-to-day operations of the Allegany County Transit Authority which previously issued its own financial reports and single audits. A reconciliation of the balances is as follows:

Ending Balance at June 30, 1991 per FY 1991 Schedule of Federal Financial Assistance	\$ (780,325)
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Omitted Programs from the FY 1991 Single Audit:

Westernport Storm Sewer (CFDA # 14.228)	(57,510)
Town Creek Bridge project (CFDA # 20.205)	64,775
Hazardous Materials Training (CFDA # 83.524)	(7,450)

Program administered in prior years by other agency:

Medical Assistance Transportation Program (CFDA #93.778)	74,980
Transit Operating Grant (CFDA # 20.507)	<u>560,305</u>

Beginning Balance at July 1, 1991 per FY 1992 Schedule of Federal Financial Assistance	<u>\$ (145,225)</u>
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ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE PROGRAMS - (Continued)
JUNE 30, 1992

Note 5 Reconciliation of Beginning Balance at July 1, 1991 - Continued

None of the omitted programs, except for the Westernport Storm Sewer program, were major programs during Fiscal Year 1991. Therefore no additional testing for compliance with general and specific requirements was necessary as a result of the omission. The Westernport Storm Sewer program was part of a fiscal year 1991 major program that was tested for compliance with general and specific requirements during fiscal year 1991 single audit testing. The Transit Operating Grant and the Medical Assistance Transportation Program were included in the scope of the Single Audit of the Allegany County Transit Authority in prior years.