

**ALLEGANY COUNTY, MARYLAND
SINGLE AUDIT REPORT
JUNE 30, 2024**

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

**ALLEGANY COUNTY, MARYLAND
SINGLE AUDIT REPORT
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Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based On An Audit Of Financial Statements Performed
In Accordance With *Government Auditing Standards*

To the Board of Allegany County Commissioners
Cumberland, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Allegany County, Maryland as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Allegany County, Maryland's basic financial statements, and have issued our report thereon dated February 24, 2025. Our report includes a reference to other auditors who audited the financial statements of Allegany County Board of Education, Allegany County Library System, and Allegany College of Maryland, as described in our report on Allegany County, Maryland's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Allegany County, Maryland's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Allegany County, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of Allegany County, Maryland's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allegany County, Maryland's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Allegany County, Maryland's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Allegany County, Maryland's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Allegany County, Maryland's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Turnbull, Harver, Kahl, P.A." with a horizontal line above the name.

Cumberland, Maryland
February 24, 2025

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**Independent Auditors' Report on Compliance for
Each Major Federal Program, Internal Control over
Compliance, and Schedule of Expenditures of Federal
Awards Required by the Uniform Guidance**

To the Board of Allegany County Commissioners
Cumberland, Maryland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Allegany County, Maryland's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Allegany County, Maryland's major federal programs for the year ended June 30, 2024. Allegany County, Maryland's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Allegany County, Maryland complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Allegany County, Maryland and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Allegany County, Maryland's compliance with the compliance requirements referred to above.

Other Matters – Federal Expenditures Not Included in the Compliance Audit

Allegany County, Maryland's basic financial statements include the operations of the Allegany County Board of Education and Allegany College of Maryland, which expended \$26,427,430 and \$11,884,811 in federal awards, respectively, which is not included in Allegany County, Maryland's schedule of expenditures of federal awards during the year ended June 30, 2024. Our audit, described in the Opinion on Each Major Program section, did not include the operations of the Allegany County Board of Education and Allegany College of Maryland, because these component units engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Allegany County, Maryland's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Allegany County, Maryland's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Allegany County, Maryland's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Allegany County, Maryland's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Allegany County, Maryland's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the

effectiveness of Allegany County, Maryland's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Allegany County, Maryland's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Allegany County, Maryland's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Allegany County, Maryland's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Allegany County, Maryland's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Allegany County, Maryland, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Allegany County, Maryland's basic financial statements. We issued our report thereon dated February 24, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Cumberland, Maryland
February 24, 2025

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

U.S. Department	Federal Assistance Listing	Federal Grant Number	Pass-Through Grantor's Number	Program Award Date	Program Award Amount	Federal Expenditures		Pass Through to Subrecipients						
						Pass-Through	Program Award Date							
U.S. Department of Housing and Urban Development														
Indirect:														
Passed-Through MD Dept of Housing and Community Development														
CDBG - Garden City Mobile Home Park Partial Acquisition														
CDBG-Housing Recovery Program	14.228	CDBG Grant	MD-20-CD-7	1/16/2020	700,000			35,641						
Assistance Listing #14.228 Total	14.228	CDBG Grant	MD-RHP-1	6/12/2023	1,250,000			728,822						
Emergency Solutions Grant SFY-2021/FFY-2020	14.231		HSP-2021-CCAllegCo-00476		236,900	20,702	20,702							
Emergency Solutions Grant SFY-2022/FFY-2021	14.231				236,900	32,531	32,531							
Emergency Solutions Grant SFY-2022/FFY-2021	14.231				236,900	110,792	110,792							
COVID-19-2 Emergency Solutions Grant CV-2	14.231		ESG-CV/2021-CCAllegCo-00878		207,519	148,606	148,606							
Assistance Listing #14.231 Total					312,631	312,631	312,631							
Housing Voucher Cluster:														
Section 8 Voucher	14.871					1,084,484	1,084,484							
Total Housing Voucher Cluster						1,084,484	1,084,484							
Total U.S. Department of HUD						\$ 2,161,578	\$ 2,125,937							
Office of National Drug Control Policy														
Indirect:														
Passed-Through Washington/Baltimore High Intensity Drug Trafficking Area														
2022 High Intensity Drug Trafficking Areas Program														
Total Office of National Drug Control Policy	95,001		G22WB0004A	4/20/2023	92,440	92,440	\$ 92,440							
U.S. Department of Justice														
Indirect:														
Passed-Through MD Governor's Office of Crime Control Prevention														
BJAG Assistance Grant - Elections Safety and Security Upgrades	16.738		BJAG-2021-0014	12/15/2022	44,228	27,657	27,657							
Comprehensive Opioid Stimulant and other Substance Use Program	16.858		COAP-2022-0001		478,964	102,630	102,630							
Total U.S. Department Of Justice						\$ 130,287	\$ 130,287							

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Note 1.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Allegany County, Maryland under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Allegany County, Maryland, it is not intended to and does not present the financial position, changes in financial position, or cash flows of Allegany County, Maryland.

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

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

Note 2.

Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3.

Oversight Agency

The United States Department of Treasury has been designated as the oversight audit agency for Allegany County, Maryland.

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Note 4. Pass-Through to Subrecipients
Allegany County, Maryland provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal Assistance Listing</u>	<u>Amount Provided</u>
CDBG-Housing Recovery Program	14.228	\$ 728,822
Emergency Solutions Grant	14.231	312,631
Section 8 Housing Voucher	14.871	1,084,484
Transportation Enhancement Program	20.205	142,520
	Total	<u>\$ 2,268,457</u>

Note 5. Indirect Cost Rate
Allegany County, Maryland has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>			
Internal control over financial reporting:				
Material weakness identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
Significant deficiency identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

Federal Awards

Internal control over major programs:				
Material weakness identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No
Significant deficiency identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	None reported
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No

Identification of Major Federal Programs:

<u>Federal Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
14.871	Section 8 Housing Voucher Cluster
20.507	Urban Mass Transit Federal Transit Cluster
14.228	Community Development Block Grants

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

A. SUMMARY OF AUDITORS' RESULTS – CONTINUED

Dollar threshold used to distinguish between	
Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u> <input checked="" type="checkbox"/> <u>No</u>

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2024-001 Material Adjustments to the Financial Statements were Required

Criteria: Management is responsible for the preparation and fair presentation, as well as the accuracy of its financial statements, including the disclosures in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Condition: Material adjustments to Allegany County, Maryland's financial statements were required during the course of its fiscal year 2024 audit. Allconet fund depreciation was incorrectly recorded at one month, instead of twelve months, resulting in expenses in the fund being understated. In addition, a construction payment for program open space expenditures in the general fund was incorrectly recorded twice in fiscal year 2024, resulting in expenses of the fund being overstated. These errors were corrected with respective adjustments to the June 30, 2024 financial statements.

Cause: The depreciation software used by the County defaults to monthly depreciation for the year-end journal entry, which was not caught and adjusted before the journal entry posted. The construction invoice was initially created with an incorrect vendor number. The County's software system will not allow a change to the vendor number, so the invoice had to be voided. A new invoice with the correct vendor number was created. However, when voiding the original invoice, the void posted to the wrong fiscal year, as the current fiscal year was selected in the County's software system.

Effect: The County's financial statements would be materially misstated and could have improperly influenced the users of the financial statements, if the adjusting journal entries were not corrected and posted by management.

Context: There were financial statement accounts that were not accurate and were either under or overstated by a materially significant amount after the audit began.

Auditor's Recommendation: An important element of internal controls over financial reporting is for management to identify adjustments necessary for financial statements to be fairly stated. Therefore, we recommend management strengthen its controls over communication between County departments and ultimately finance, to ensure all transactions can be evaluated and appropriately reflected in the financial statements.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

B. FINDINGS - FINANCIAL STATEMENTS AUDIT – CONTINUED

Views of Responsible Officials and Planned Corrective Actions: Both required adjustments were due to default settings in the County's accounting software. Management is now aware of these issues and will take note when preparing financial statements in the future.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2023-001.

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

2024-002 Reporting Compliance

Federal Program: Department of Housing and Urban Development; Community Development Block Grants (CDBG); Federal Assistance Listing 14.228

Criteria: The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance) and grant agreements require all nonfederal entities to submit semi-annual reports within 10 days after the six-month period end.

Condition: The County did not submit the semi-annual status reports for the December 31, 2023 period end and June 30, 2024 period end by the due date required in the Uniform Guidance and grant agreements.

Cause: The semi-annual status reports were filed late due to several financial reports needing to be prepared at once for the program and due to a delay in obtaining the appropriate signature for the reports.

Effect: The County is not in compliance with the reporting requirements as stipulated in the Uniform Guidance and grant agreements.

Context: During the course of our single audit testing procedures, we noted that one semi-annual status report for the December 31, 2023 period end was filed late by the County by one day. In addition, two semi-annual status reports for the June 30, 2024 period end were filed late by the County by eight days and one was filed late by one day.

Auditors' Recommendation: We recommend management communicate effectively with all staff to emphasize the importance of promptly submitting financial reports to applicable federal agencies in a timely manner. This will ensure that the required financial reports are filed timely as stipulated by the Uniform Guidance and grant agreements.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

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

Views of Responsible Officials and Planned Corrective Actions: Management has discussed the finding with the appropriate staff and has emphasized the importance of promptly submitting reports on time. Staff will develop a system to ensure the necessary documents and signatures will be completed in sufficient time to submit the required reports.

Identification of a Repeat Finding: This finding was not a finding in FY 23.