

ALLEGANY COUNTY, MARYLAND

SINGLE AUDIT REPORT

JUNE 30, 1996

DELANEY, TURNBULL & ASSOCIATES, P.A.
Certified Public Accountants

**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, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 11, 1996. 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.

Delaney, Turnbull & Associates, P.A.

December 11, 1996

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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 general purpose financial statements of Allegany County, Maryland as of and for the year ended June 30, 1996, and have issued our report thereon dated December 11, 1996. Our report was modified to refer to the reports of other auditors.

We have applied procedures to test Allegany County, Maryland's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996: 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 the applicable procedures described 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.

December 11, 1996

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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 general purpose financial statements of Allegany County, Maryland, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 11, 1996. Our report was modified to refer to the reports of other auditors.

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, 1996. The management of Allegany County, Maryland is responsible for Allegany County, Maryland'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 of compliance with those requirements 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 Allegany County, Maryland'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, 1996.

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.

December 11, 1996

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**Independent Auditor's Report on Internal
Control Structure Based on an Audit of
General Purpose 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 (the County), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 11, 1996. Our report was modified to refer to the reports of other auditors.

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

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, and 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. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the County for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. 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 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 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.

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.

December 11, 1996

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Independent Auditor's Report on
Internal Control Structure used
in Administering Federal Financial
Assistance Programs

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 (the County), as of and for the year ended June 30, 1996, and have issued our report thereon dated December 11, 1996. Our report was modified to refer to the reports of other auditors. We have also audited the compliance of the County with requirements applicable to major federal financial assistance programs and have issued our report thereon dated December 11, 1996.

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 audits for the year ended June 30, 1996, we considered the internal control structure of the County in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the County, and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated December 11, 1996.

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 used in administering federal financial assistance programs in the following categories:

Accounting Controls

- Revenues
- 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
- Special requirements

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, 1996, the County expended 89 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 a reportable condition 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 administer federal financial assistance programs in accordance with applicable laws and regulations.

Reportable Condition (Material Weakness): During our audit work at the County Nursing Home since the fiscal year ended June 30, 1991, we have noted weaknesses in the billing, collection and accounts receivable operations. As a result, we have recommended that the County devote more attention and/or resources to resolve these recurring problems. During our audit work at the County Nursing Home for the fiscal year 1996 audit, we noted the same problems still exist. These problems have resulted in uncollectible receivable charge-offs in fiscal year 1996 totaling \$138,000 and an additional \$125,000 bad debt expense incurred. 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: Since the nursing home operations and regulations have continued to become more specialized and complicated, the County retained an outside consulting firm to manage the home. Through the years, it has become very apparent to the County that it did not have the in-house expertise to effectively run the facility. Therefore, a six month contract with the outside firm was signed on June 19, 1996. After an initial six month period, it was determined that the firm did possess the ability to manage the home and a three year agreement was signed on December 19, 1996. It is felt that with the County's action of retaining this firm, the weaknesses addressed by the auditors will be resolved.

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 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 policies and procedures used in administering federal financial assistance 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 as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the compliance of the County with requirements applicable to its major federal financial assistance programs for the year ended June 30, 1996, and this report does not affect our report thereon dated December 11, 1996.

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.

December 11, 1996

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**Independent Auditor's Report on
Compliance with Laws, Regulations,
Contracts and Grants**

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, 1996, and have issued our report thereon dated December 11, 1996. Our report was modified to refer to the reports of other auditors.

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

Compliance with laws, regulations, 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 general purpose 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 disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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.

December 11, 1996

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1996

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1995	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1996
<u>US Dept. of Agriculture:</u>									
Direct:									
\Farmers Home Administration:									
Mexico Farms utility relocation	10.769	N/A	N/A	360,107	\$0				\$0
Mexico Farms water & sewer grant	10.770	N/A	N/A	906,800	0	0	0	0	0
Mexico Farms water & sewer loan	10.770	N/A	N/A	420,000	0		0		0
Cash Valley Road Sewer grant	10.770	N/A	N/A	100,600	0	75,000	46,755	175,733	(53,978)
Cash Valley Road Sewer loan	10.770	N/A	N/A	147,000	0	147,000	0	147,000	0
Oldtown Road Sewer Grant	10.770	N/A	N/A	1,392,500	(47,089)	460,000	405,005	982,980	(165,064)
Oldtown Road Sewer Loan	10.770	N/A	N/A	557,500	0	557,500	0	557,500	0
Indirect:									
\Food and Nutrition Service:									
Pass through Maryland Dept. of									
Education:									
Summer Camp Program	10.559	N/A	MR 248 MRS	N/A	0	1,749	9,703	11,452	0
Total US Department of Agriculture					(47,089)	\$1,241,249	\$461,463	\$1,874,665	(\$219,042)
<u>US Department of Commerce:</u>									
Direct:									
\Economic Development Administration:									
Multi-Tenant Industrial									
Building	11.300	01-01-03238	N/A	972,000	(227,040)		30,447	1,575	(\$198,168)
Riverside Industrial Park	11.300	01-01-03368	N/A	1,960,000	70,260	1,090,990	0	1,322,729	(\$161,479)
Indirect:									
EDA Proj Income - Multi-Tenant Rent	11.300	N/A	N/A	0	0	54,000	(54,000)		0
Total US Department of Commerce					(\$156,780)	\$1,144,990	(\$23,553)	\$1,324,304	(\$359,647)
<u>US Dept. of Housing and Urban Development</u>									
Indirect:									
\Community Planning and Development									
CDBG Project Income - Lonaconing	14.219	N/A	N/A	N/A	\$0	\$2,284	(\$2,284)	\$0	\$0
CDBG Project Income - Housing	14.219	N/A	N/A	N/A	244,399	6,119	(9,500)	875	240,143
CDBG Project Income - Economic Opportunity	14.219	N/A	N/A	N/A	51,504	161,307			212,811

**ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1996**

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1995	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1996
<u>US Dept. of Housing and Urban Development (Con't)</u>									
Indirect (Con't):									
\Community Planning and Development									
Passed through Maryland Dept. of									
Economic and Community Development:									
Section 8 Existing	14.156	P-3507	MD06-E020	N/A	4,911	438,570	0	439,578	3,903
Section 8 Mod Rehab	14.156	P-3525	MD06-K020	N/A	701	27,734		27,272	1,163
Section 8 Existing Admin	14.156	P-3507	MD06-E020	N/A	0	43,470		43,470	0
Section 8 Mod Rehab Admin	14.156	P-3525	MD06-K020	N/A	0	3,300		3,300	0
Section 8 Voucher Program	14.177	P-3507V	MD06-V020	N/A	1,855	102,110		101,851	2,114
Section 8 Voucher Program Admin	14.177	P-3507V	MD06-V020	N/A	0	10,538		10,538	0
Spring Street Water Project	14.228	N/A	MD-89-CD-01	7,500	0				0
Frostburg Industrial Park Expansion	14.228	N/A	MD-89-ED-39	1,000,350	(97)				(97)
Cash Valley Road Sewer	14.228	N/A	MD-91/92-SP-41	304,595	(52,531)	0	52,531	0	0
Cash Valley & Other County Hookups	14.228	N/A	MD-91/92-SP-41	33,000	0	25,095	2,824	24,429	3,490
Schade Expansion	14.228	N/A	MD-91-ED-76	930,414	(3,256)		12,738	9,482	0
Industrial Park Sewer	14.228	N/A	MD-91-ED-75	130,700	0				0
Mexico Farms water & sewer (214)	14.228	N/A	MD-91-ED-75	369,300	0				0
Cumberland Pasta Company	14.228	N/A	MD-94-ED-76	182,000	(182,000)		182,000		0
Weatherization Partnership	14.228	N/A	MD-94-CD-12	25,000	3,500	4,963	(500)	7,963	0
Emergency Shelter Grant Program	14.231	N/A	94-ESG-BOS-1	33,000	0	8,432		8,432	0
Emergency Shelter Grant Program	14.231	N/A	95-ESG-BOS-1	45,000	0	21,196		21,196	0
Senior Home Repair Program	14.239	N/A	N/A	N/A	6,573	25,231		27,304	4,500
Special Target Area Program	14.239	N/A	N/A	N/A	4,238	83,562		59,005	28,795
Total US Department of HUD					<u>\$79,797</u>	<u>\$963,911</u>	<u>\$237,809</u>	<u>\$784,695</u>	<u>\$496,822</u>

**ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1996**

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1995	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1996
<u>US Department of Justice:</u>									
Direct:									
\Office of Community Oriented Policing Services									
COPS MORE Grant	16.710	95-CM-WX-0115	N/A	37,500	0	0	0	0	0
Indirect:									
\Office of Justice Programs:									
Passed through MD. Governor's Office of Justice Assistance and Allegany County Board of Education									
Drug Prevention Program (DARE)	16.579	N/A	GSP-94-080	18,260	0	18,260	18,463	36,723	0
Passed through MD. Governor's Office of Justice Assistance									
Narcotics Task Force	16.579-80	N/A	DLE-93-089	53,937	38,180	1,320	47,361	51,163	35,698
Jail Substance Abuse Program	16.579	N/A	DLE-95-268	45,704	0	44,839	14,946	59,785	0
Pre-Trial Diversion Alternative	16.579	N/A	DLE-95-269	27,811	0	24,486	8,162	32,648	0
Total US Department of Justice:					<u>\$38,180</u>	<u>\$88,905</u>	<u>\$88,932</u>	<u>\$180,319</u>	<u>\$35,698</u>
<u>US Department of Labor:</u>									
Indirect:									
Passed through the Western Md Consortium									
Job Training Partnership Act	17.246-50	N/A	96-A26-441	N/A	\$0	\$1,440	\$0	\$1,440	\$0
Passed through the Western Md Consortium									
Job Training Partnership Act	17.246-50	N/A	95-A35-527	N/A	0	1,248	0	1,248	0
Total US Department of Labor					<u>\$0</u>	<u>\$2,688</u>	<u>\$0</u>	<u>\$2,688</u>	<u>\$0</u>

**ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1996**

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1995	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1996
US Dept. of Transportation:									
Indirect:									
\Federal Highway Administration									
Passed through Maryland Department of Transportation									
Mexico Farms Bridge Project	20.205	BH-M-7514 (1)	A708-951-612	280,000	\$0	\$2,295	(\$2,295)		\$0
Town Creek Bridge	20.205	BR SOS-1(252)	A727-951-612	364,768	(22,780)	49,334			26,554
Reynolds Road Bridge	20.205	BR SOS-1(250)	A721-951-612	375,137	0				0
\Federal Highway Administration									
Passed through Maryland Department of Transportation and Office of Planning									
Local Transportation Assistance Grant	20.205	N/A	N/A	32,621	0	9,786	0	9,786	0
\Urban Mass Trans. Admin:									
Passed through Maryland Department of Transportation									
Capital Assistance	20.507	MD-90-0034	MD-90-0034	248,000	0	34,842	8,711	43,553	0
Capital Assistance	20.500	MD-03-0055-01	MD-03-0055-01	109,763	0	0	0	988	(988)
Capital Assistance	20.507	MD-90-0043	MD-90-0043	132,008	0	0	0	0	0
Capital Assistance	20.507	MD-90-0055	MD-90-0055	28,800	0	0	0	0	0
Capital Assistance	20.507	MD-90-0039	MD-90-0039	202,904	0	1,379	345	1,724	0
Capital Assistance	20.500	MD-03-0052	MD-03-0052	645,187	0	593,237	197,746	790,983	0
Operating Assistance (FY96)	20.507	MD-90-4058/4060	MD-90-4058/4060	234,246	771,001	216,905	293,375	571,373	709,908
Operating Assistance Suppl (FY96)	20.509	MD-18-4013	MD-18-4013	37,753	0	37,753	143,591	181,344	0
\Urban Mass Trans. Admin. & Federal Highway Administration									
Passed through Maryland Department of Transportation									
Unified Planning Work Program 96	20.505	N/A	N/A	111,160	0	90,768	22,692	113,460	0
Federal Highway Administration									
Passed through Maryland Department of Transportation Traffic Safety Div.									
EMT Training Upgrade	20.215	N/A	N/A	14,300	0	0	0	14,805	(14,805)
\Federal Highway Administration									
Passed through Maryland Department of Transportation and Allegany County Health Department									
Comprehensive Traffic Safety Program	20.600	N/A	N/A	3,000	0	0	0	745	(745)
Total US Department of Transportation					\$748,221	\$1,036,299	\$664,165	\$1,728,761	\$719,924

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1996

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1995	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1996
<u>Appalachian Regional Commission:</u>									
Direct:									
\Passed through US Dept of Commerce Economic Development Administration									
Multi-Tenant Industrial Bldg	23.002	MD-11037-92-1	N/A	324,000	(\$75,680)	\$0	\$10,148	\$525	(\$66,057)
Riverside Industrial Park	23.002	MD-11406-93-1	N/A	528,000	18,677	290,010	0	351,613	(42,926)
Indirect:									
Multi-Tenant Prog Income - Rent	23.002	N/A	N/A	N/A	0	18,000	(18,000)		0
\Passed through Maryland Dept of Housing & Community Development									
Building Performance Standards	23.011	N/A	N/A	21,265	0	0	0	2,075	(2,075)
\Passed through Maryland Office of Planning									
GIS Comprehensive Plan Tech. Grant	23.011	ARC 94-84	MD-10952	23,000	0	8,812	7,312	16,124	0
Consolidated Technical Assistance	23.011	ARC 95-156	MD-10952	30,000	0	0	21,477	40,560	(19,083)
Total Appalachian Regional Commission					(\$57,003)	\$316,822	\$20,937	\$410,897	(\$130,141)
<u>Environmental Protection Agency</u>									
Direct:									
\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
Indirect:									
Passed through Md Dept of the Environment									
Bowling Green/Cresaptown Waste Water Treatment Project									
	66.418	C-240729-03	MD-88-08-31-0646	1,333,750	0	20,509	17,367	37,876	0
Total Environmental Protection Agency					\$0	\$20,509	\$17,367	\$37,876	\$0

**ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1996**

FEDERAL GRANTOR\AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1995	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1996
Federal Emergency Management Agency:									
Indirect:									
\State and Local Programs Support									
Passed through Maryland Emergency									
and Civil Defense Agency:									
Civil Defense FY 1995	83.503	N/A	N/A	N/A	(12,607)	12,607	0	0	0
Civil Defense FY 1996	83.503	N/A	N/A	N/A	0	31,391	52,043	104,086	(20,652)
SARA Title III Training	83.011	N/A	N/A	N/A	0	2,190	4,018	6,208	0
\State and Local Programs Support									
Passed through Maryland Highway Admin									
June 1995 Flood	83.516	N/A	N/A	N/A	0	10,284	3,428	13,712	0
\State and Local Programs Support									
Passed through Maryland Emergency									
January 1996 Blizzard	83.516	N/A	N/A	N/A	0	51,071	17,024	68,095	0
January 1996 Flood	83.516	N/A	N/A	N/A	0	795,985	157,314	629,256	324,043
Total Federal Emergency Management Agency					<u>(\$12,607)</u>	<u>\$903,528</u>	<u>\$233,827</u>	<u>\$821,357</u>	<u>\$303,391</u>
US Department of Health and Human Services:									
Indirect:									
\Family Support Administration:									
Pass through Maryland Dept. of									
Human Resources:									
Child Support Enforcement	93.023	N/A	CSEA/CR-96-01	139,960	\$0	\$108,837	\$61,876	\$170,713	\$0
Masters Program	93.023	N/A	CSEA/CR-96-003	51,768	0	45,389	27,557	72,946	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	134,913		134,913	0
Medicaid; Nursing Home Care	93.778	N/A	N/A	N/A	60,175	3,310,266	1,627,481	4,679,103	318,819
\Health Care Financing Administration									
Pass through Maryland Dept. of									
Health & Mental Hygiene and									
Allegany County Health Department:									
Medicaid; Medical Transportation	93.778	N/A	N/A	N/A	73,388	283,527		282,660	74,255
Highway Extrication Equipment	93.778	EM-95-06	95-032	12,000	0	12,000	12,551	24,551	0
Total US Department of Health and Human Services					<u>\$133,563</u>	<u>\$3,894,932</u>	<u>\$1,729,465</u>	<u>\$5,364,886</u>	<u>\$393,074</u>
Total Federal Financial Assistance Programs					<u>\$726,282</u>	<u>\$9,613,833</u>	<u>\$3,430,412</u>	<u>\$12,530,448</u>	<u>\$1,240,079</u>

**ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
JUNE 30, 1996**

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. Compliance testing of all general requirements, as described in the Compliance Supplement was performed. Compliance testing of specific requirements was performed on the following major programs. These programs represent all federal financial assistance programs with fiscal year 1996 expenditures in excess of \$300,000 and cover 89% of total federal financial assistance program expenditures:

<u>Grant Description</u>	<u>CFDA Number</u>	<u>Fiscal Year 1996 Expenditures</u>
Farmers Home Administration	10.770	1,863,213
Economic Development Admin.	11.300	1,324,304
Section 8 Housing Funds	14.156	513,620
Mass Transit	20.500	791,971
Mass Transit	20.507	616,650
Appalachian Regional Commission	23.002	352,138
Federal Emergency Management Agency	83.516	711,063
Medicaid	93.778	<u>4,986,314</u>
Total		<u>\$11,159,273</u>

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" is not presented since there were no findings or questioned costs detected in the fiscal year 1996.

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, 1996

Note 3 - Fiscal Period Audited

Single audit testing procedures were performed for program transactions occurring during the period July 1, 1995 to June 30, 1996.

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, 1995 and June 30, 1996, 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, 1996

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.