

**ALLEGANY COUNTY, MARYLAND  
SINGLE AUDIT REPORT  
JUNE 30, 1998**

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

*ALLEGANY COUNTY, MARYLAND  
SINGLE AUDIT REPORT  
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**DELANEY, TURNBULL & ASSOCIATES, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Compliance and  
on Internal Control Over Financial Reporting Based  
On An Audit Of Financial Statements Performed In  
Accordance With Government Auditing Standards

To the Board of Allegany  
County Commissioners

We have audited the general purpose financial statements of Allegany County, Maryland as of and for the year ended June 30 1998, and have issued our report thereon dated October 28, 1998. Our report was modified to refer to the reports of other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Allegany County, Maryland's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Allegany County, Maryland's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners of Allegany County, Maryland, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

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

October 28, 1998

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

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Independent Auditor's Report on Compliance  
with Requirements Applicable to Each  
Major Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133

To the Board of Allegany  
County Commissioners

Compliance

We have audited the compliance of Allegany County, Maryland with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1998. Allegany County, Maryland's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Allegany County, Maryland's management. Our responsibility is to express an opinion on Allegany County, Maryland's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Allegany County, Maryland's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Allegany County, Maryland's compliance with those requirements.

In our opinion, Allegany County, Maryland complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

### Internal Control Over Compliance

The management of Allegany County, Maryland is responsible for establishing and maintaining effective internal controls over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Allegany County, Maryland's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 over compliance and its operation that we consider to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of Allegany County, Maryland as of and for the year ended June 30, 1998, and have issued our report thereon dated October 28, 1998. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information 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.

This report is intended for the information of the Board of Commissioners of Allegany County, Maryland, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

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

October 28, 1998

ALLEGANY COUNTY, MARYLAND  
PRIMARY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1998

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTORS NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1997	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1998	PASS THROUGH TO SUBRECIPIENTS
			\$	\$	\$	\$	\$	\$	\$
10.769	N/A	N/A	360,107	-	-	-	-	-	-
10.770	N/A	N/A	906,800	-	-	-	-	-	-
10.770	N/A	N/A	420,000	-	-	-	-	-	-
10.770	N/A	N/A	100,600	-	-	-	-	-	-
10.770	N/A	N/A	147,000	-	-	-	-	-	-
10.770	N/A	N/A	1,392,500	-	-	-	-	-	-
10.770	N/A	N/A	557,500	-	310,000	48,431	358,431	-	-
10.770	N/A	N/A	370,500	-	339,500	-	339,500	-	-
10.770	N/A	N/A	339,500	-	649,500	48,431	697,931	-	-
10.904	N/A	N/A	N/A	-	22,602	-	22,602	-	-
10.559	N/A	N/A	N/A	-	2,177	9,800	11,977	-	2,177
					674,279	58,231	732,510	-	2,177
11.300	01-01-03238	N/A	972,000	(147,334)	-	-	-	(147,334)	-
11.300	01-01-03368	N/A	1,960,000	7,963	-	-	-	7,963	-
11.300	N/A	N/A	-	(34,000)	54,000	(54,000)	-	-	-
				(139,269)	54,000	(54,000)	-	(139,269)	-

US Dept. of Agriculture:

Direct:  
Farmers Home Administration:  
Mexico Farms utility relocation

Mexico Farms water & sewer grant  
Mexico Farms water & sewer loan  
Cash Valley Road Sewer grant  
Cash Valley Road Sewer loan  
Oldtown Road Sewer Grant  
Oldtown Road Sewer Loan  
Jordan/Zihlman Water Grant  
Jordan/Zihlman Water Loan  
Subtotal CDFA #10.770

Natural Resource Conservation Service  
Westport Flood Project

Indirect:

Food and Nutrition Service:  
Pass through Maryland Dept. of  
Education:  
Summer Camp Program  
Total US Department of Agriculture

US Department of Commerce:

Direct:  
Economic Development Administration:  
Multi-Tenant Industrial  
Building  
Riverside Industrial Park  
Indirect:  
EDA Proj Income - Multi-Tenant  
Total US Department of Commerce

See accompanying notes to Schedule of Expenditures of Federal Awards

**ALLEGANY COUNTY, MARYLAND**  
**PRIMARY GOVERNMENT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 1998**

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1997	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1998	PASS THROUGH TO SUBRECIPIENTS
14.219	N/A	N/A	N/A	-	2,284	(2,284)	-	-	-
14.219	N/A	N/A	N/A	216,629	5,740	-	-	222,369	-
14.219	N/A	N/A	N/A	344,148	129,295	-	-	473,443	-
				560,777	137,319	(2,284)	-	695,812	-
14.156	P-3307	MD06-E020	N/A	5,249	442,374	-	441,157	6,466	-
14.156	P-3325	MD06-K020	N/A	931	19,802	-	19,965	768	-
14.156	P-3307	MD06-E020	N/A	-	42,311	-	42,311	-	-
14.156	P-3325	MD06-K020	N/A	-	2,800	-	2,800	-	-
				6,180	507,287	-	506,233	7,234	-
14.177	P-3307V	MD06-V020	N/A	991	120,193	-	119,840	1,344	-
14.177	P-3327V	MD06-V020	N/A	-	10,960	-	10,960	-	-
				991	131,153	-	130,800	1,344	-
14.228	N/A	MD-89-ED-39	1,000,350	(97)	-	-	-	(97)	-
14.228	N/A	MD-91/92-SP-41	364,595	-	-	-	-	-	-
14.228	N/A	MD-91/92-SP-41	33,000	7,927	-	-	-	7,927	-
14.228	N/A	MD-91-CD-12	500,000	(495,482)	45,000	430,482	-	-	-
14.228	N/A	MD-91-ED-76	1,001,944	-	71,530	-	71,530	-	-
14.228	N/A	MD-91-ED-75	130,700	-	-	-	-	-	-
14.228	N/A	MD-91-ED-75	369,300	-	-	-	-	-	-
14.228	N/A	MD-94-ED-76	182,000	-	126,560	-	126,560	-	-
14.228	N/A	MD-94-CD-11A	649,000	-	649,000	1,669,220	2,318,220	-	-
14.228	N/A	MD-97-CD-23	395,000	-	312,707	-	375,732	(63,025)	-
14.228	N/A	MD-97-FL-40	626,733	-	271,987	-	273,885	(1,898)	-
				(487,652)	1,476,784	2,119,702	3,165,927	(57,093)	-

U.S. Dept. of Housing and Urban Development

Indirect:

- Community Planning and Development
- CDBG Project Income - Lonsesoning
- CDBG Project Income - Housing
- CDBG Project Income - Economic
- Opportunity
- Subtotal CFDA #14.219

- Passed through Maryland Dept. of Economic and Community Development:
- Section 8 Existing
- Section 8 Mod Rehab
- Section 8 Existing Admin
- Section 8 Mod Rehab Admin
- Subtotal CFDA #14.156

- Section 8 Voucher Program
- Section 8 Voucher Program Admin
- Subtotal CFDA #14.177

- Frostburg Industrial Park Expansion
- Cash Valley Road Sewer
- Cash Valley & Other County Hookups
- Borden Zilman Waterline
- Schade Expansion
- Industrial Park Sewer
- Mexico Farms water & sewer (214)
- Cumberland Pasta Company
- McCoolle Water Project
- Georges Cr/Lemings Flood Mitigat.
- Wills Cr/Georges Cr Flood Mitigation
- Subtotal CFDA #14.228

See accompanying notes to Schedule of Expenditures of Federal Awards



ALLEGANY COUNTY, MARYLAND  
PRIMARY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1998

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1997	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1998	PASS THROUGH TO SUBRECIPIENTS
<b>US Dept. of Housing and Urban Development (Cont)</b>									
Indirect:									
14.231	N/A	96-ESG-BOS-1	30,500	-	3,244	-	3,244	-	-
14.231	N/A	97-ESG-BOS-1	41,500	-	28,363	-	28,363	-	-
		Subtotal CFDA #14.231			31,607		31,607		
14.239	N/A	N/A	N/A	-	-	-	-	-	-
14.239	N/A	N/A	N/A	13,454	175,630	-	167,511	21,573	-
		Subtotal CFDA #14.239		13,454	175,630		167,511	21,573	
Community Planning and Development									
Passed through Maryland Dept. of Human Resources									
14.235	N/A	MD06B96-0501	196,659	-	60,175	-	60,175	-	-
14.235	N/A	MD06B96-0504	184,508	-	7,573	-	7,573	-	-
		Subtotal CFDA #14.235			67,748		67,748		
		Total US Department of HUD		93,750	2,527,528	2,117,418	4,069,826	668,870	
<b>US Department of Justice:</b>									
Direct:									
Office of Community Oriented Policing Services									
16.710	95CMX0115	N/A	69,378	-	37,845	12,614	50,459	-	-
16.592	96-LB-VX-1524	N/A	20,039	20,039	-	2,227	20,964	1,302	-
Bureau of Justice Assistance									
Local Law Enforcement Block Grant									
16.579	N/A	N/A	N/A	-	953	-	953	-	-
Passed through MD State Police									
Marijuana Eradication									
Passed through Governor's Office of Crime Control & Prevention									
16.579	N/A	DLE-96-269	50,561	-	47,312	15,771	63,083	-	-
16.579	N/A	DLE-97-268	49,586	-	39,827	13,276	53,103	-	-
16.579	N/A	01SC-DL97-406-NA	10,000	-	10,000	-	10,000	-	-
		Subtotal CFDA #16.579			98,092	29,047	127,139		
16.588	N/A	VAWA-96-012	17,500	-	5,313	2,509	8,072	-	-
16.588	N/A	VAWA-97-061P	8,750	-	7,635	1,908	9,543	-	-
		Subtotal CFDA #16.588			13,148	4,417	17,565		
		Total US Department of Justice:		20,039	149,085	48,305	216,127	1,302	

See accompanying notes to Schedule of Expenditures of Federal Awards

ALLEGANY COUNTY, MARYLAND  
 PRIMARY GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 1998

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1997	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1998	PASS THROUGH TO SUBRECIPIENTS
Federal Highway Administration									
Passed through Maryland Department of Transportation									
20.205	BH-M-7514 (1)	A708-951-612	280,000	-	-	-	-	-	-
20.205	BR-SOS-1(252)	A727-951-612	364,768	-	-	-	-	-	-
20.205	BRO-1-(454)E	AL789BM12	406,582	(39,622)	379,445	95,858	479,290	(43,495)	-
	Subtotal CFDA #20.205			(39,622)	379,445	95,858	479,290	(43,495)	-
Federal Highway Administration									
Passed through MEMA									
20.217	HMEMD6038040	N/A	960	-	960	240	1,200	-	-
Urban Mass Trans. Admin:									
Passed through Maryland Department of Transportation									
20.500	MD-03-0055-01	MD-03-0055-01	109,763	-	455	114	569	-	-
20.500	MD-03-0032	MD-03-0032	645,187	-	-	-	-	-	-
	Subtotal CFDA #20.500			-	455	114	569	-	-
Capital Assistance									
20.507	MD-90-0034	MD-90-0034	248,000	-	11,125	2,781	13,906	-	-
20.507	MD-90-0043	MD-90-0043	132,008	-	14,387	3,597	18,022	(38)	-
20.507	MD-90-0039	MD-90-0039	207,904	-	15,146	3,787	18,933	-	-
20.507	MD-90-4063	MD-90-4063	180,307	687,476	180,307	460,041	603,106	724,718	-
	Subtotal CFDA #20.507			687,476	270,965	470,206	653,967	724,680	-
Operating Assistance Suppl (FY98)									
20.509	MD-18-4015	MD-18-4015	37,866	-	37,866	97,834	135,700	-	-
Urban Mass Trans. Admin. & Federal Highway Administration									
Passed through Maryland Department of Transportation									
20.219	STP-1(377)E	A792-452-623	-	-	-	-	6,627	(6,627)	-
Unified Planning Work Program 98									
20.505	N/A	N/A	69,839	-	72,079	18,071	90,150	-	-
20.505	N/A	N/A	70,433	(15,540)	13,813	1,727	-	-	-
	Subtotal CFDA #20.505			(15,540)	85,892	19,798	90,150	-	-

See accompanying notes to Schedule of Expenditures of Federal Awards

ALLEGANY COUNTY, MARYLAND  
PRIMARY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1998

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1997	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1998	PASS THROUGH TO SUBRECIPIENTS
20.215	N/A	N/A	14,300	-	-	-	-	-	-
Indirect: Federal Highway Administration Passed through Maryland Department of Transportation Traffic Safety Div. EMT Training Upgrade Federal Highway Administration Passed through Maryland Department of Transportation and Allegany County Health Department Comprehensive Traffic Safety Prog. Total US Department of Transportation									
20.600	N/A	N/A	3,100	1,054	2,938	1,958	4,557	1,393	-
				633,368	728,631	686,008	1,372,060	674,947	-
23.002	MD-11037-92-1	N/A	324,000	(49,113)	-	-	-	(49,113)	-
23.002	MD-11406-93-1	N/A	528,000	2,115	-	-	-	2,115	-
				(46,998)	-	-	-	(46,998)	-
23.011	MD-12932-1-214	N/A	50,000	-	-	-	66,946	(66,946)	-
23.002	N/A	N/A	N/A	-	18,000	(18,000)	-	-	-
23.011	ARC 95-144	MD-11893-95-1	21,265	6,125	9,351	13,077	28,553	-	-
23.011	ARC 95-156	MD-10932	30,000	-	-	-	-	-	-
23.011	MD-10952-96	MD-10952-96	23,000	-	17,500	17,500	35,000	-	-
23.011	MD-10952-96	MD-10952-96	2,500	-	2,269	2,269	4,538	-	-
23.011	N/A	ARC 10952-96	15,000	-	15,000	11,528	26,528	-	-
23.011	N/A	ARC 10952-96	9,000	-	5,240	9,000	14,085	155	-
				6,125	49,360	53,374	108,704	155	-
				(40,873)	67,360	35,374	175,650	(113,789)	-
Indirect: Multi-Tenant Prog Income - Rent Passed through Mary and Dept of Housing & Community Development Building Performance Standards Passed through Maryland Office of Planning Consolidated Technical Assistance Consolidated Technical Assistance Technical Assistance Biotech Website Industrial Park Development Plan Loanmaking Comprehensive Plan Subtotal CFDA #23.011 Total Appalachian Regional Commission									

See accompanying notes to Schedule of Expenditures of Federal Awards

**ALLEGANY COUNTY, MARYLAND  
PRIMARY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1998**

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1997	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1998	PASS THROUGH TO SUBRECIPIENTS
<b>National Foundation of Arts &amp; Humanities</b>									
Direct:									
	43.302	IM-80129-98	1,775	-	-	-	-	-	-
	43.304	IA-80004-98	6,030	-	-	-	-	-	-
<b>Total National Foundation of Arts &amp; Humanities</b>									
<b>Environmental Protection Agency</b>									
Direct:									
	66.418	C-240387-03	14,065,000	-	-	-	-	-	-
Indirect:									
	66.418	C-240729-03	1,333,750	-	-	-	-	-	-
<b>Total Environmental Protection Agency</b>									
<b>Federal Emergency Management Agency</b>									
Direct:									
	83.535	EMW-97-GR-0525	700,000	-	36,233	250	36,115	368	-
Indirect:									
	83.303	N/A	N/A	-	43,394	50,122	106,840	(13,324)	-
		N/A	N/A	-	43,394	50,122	106,840	(13,324)	-
<b>Total Federal Emergency Management Agency</b>									
<b>Disaster Resistant Community</b>									
Indirect:									
	83.516	N/A	N/A	(280,663)	97,336	6,309	4,427	(181,245)	-
	83.516	N/A	N/A	(20,000)	-	-	-	(20,000)	-
		N/A	N/A	(300,663)	97,336	6,309	4,427	(201,245)	-
<b>Total Disaster Resistant Community</b>									
<b>Local Programs Support</b>									
Indirect:									
	83.548	N/A	308,230	-	165,224	54,085	225,745	(6,436)	-
<b>Total Local Programs Support</b>									
<b>Total Federal Emergency Management Agency</b>									
					342,187	110,966	373,127	(220,637)	-

See accompanying notes to Schedule of Expenditures of Federal Awards

ALLEGANY COUNTY, MARYLAND  
PRIMARY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1998

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1997	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1998	PASS THROUGH TO SUBRECIPIENTS
93.558	N/A		235,000	-	59,067	-	45,913	13,154	-
93.558	N/A		165,000	-	91,032	-	22,658	68,374	-
				-	150,099	-	68,571	81,528	-
93.563	N/A	CSEA/CR-98-1	144,332	-	116,133	70,489	186,622	-	-
93.563	N/A	CSEA/CR-98-3	73,618	-	65,388	39,700	105,088	-	-
				-	181,521	110,189	291,710	-	-
93.773-4	N/A	N/A	N/A	-	523,854	-	523,854	-	-
93.778	N/A	N/A	N/A	535,470	3,104,485	2,074,332	5,137,806	576,481	-
93.778	N/A	N/A	N/A	74,255	275,243	(74,255)	275,243	-	-
				609,725	3,379,728	2,000,077	5,413,049	576,481	-
				609,725	4,235,202	2,110,266	6,297,184	658,009	-
				\$ 875,977	\$ 8,778,272	\$ 5,112,568	\$ 13,236,484	\$ 1,530,333	\$ 2,177

US Department of Health and Human Services:

Indirect:  
Administration for children and families:  
Pass through Maryland Dept. of  
Human Resources and Allegany  
County Dept of Social Services /  
Wheels to Work Program (TANF)  
Daycare Training Center (TANF)  
Subtotal CFDA #93.558

Family Support Administration:  
Pass through Maryland Dept. of  
Human Resources:  
Child Support Enforcement  
Masters Program  
Subtotal CFDA #93.563

Health Care Financing Administration  
Pass through Maryland Dept. of  
Health & Mental Hygiene:  
Medicaid; Nursing Home Care

Medicaid; Nursing Home Care  
Health Care Financing Administration  
Pass through Maryland Dept. of  
Health & Mental Hygiene and  
Allegany County Health Department:  
Medicaid; Medical Transportation  
Program  
Subtotal CFDA #93.778

Total US Department of Health  
and Human Services

Total Expenditures of Federal Awards

See accompanying notes to Schedule of Expenditures of Federal Awards

*ALLEGANY COUNTY, MARYLAND*  
*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*JUNE 30, 1998*

*Note 1.      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 information in the schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the combined statements.

The accompanying Schedule of Expenditures of Federal Awards includes all financial activity of the 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 College of Maryland
- LaVale Sanitary Commission

Beginning and Ending Balances

The beginning and ending balances in the accompanying schedule of expenditures of federal awards represent project and/or fund balances at July 1, 1997 and June 30, 1998, respectively. As a result of preparing the accompanying Schedule of Expenditures of Federal Awards on the modified accrual basis, timing differences between program receipts and reimbursements and expenditures have been eliminated. Beginning and ending fund balances agree with or reconcile to the County's general purpose financial statements.

Other Financing Sources and Uses

The amounts shown as other financing sources in the accompanying Schedule of Expenditures of Federal Awards 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

*ALLEGANY COUNTY, MARYLAND*  
*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*JUNE 30, 1998*

*Note 1.*      *Summary of Significant Accounting Policies* - continued  
above mentioned items from Federal revenues and expenditures and report financial activity on a basis consistent with the general propose financial statements.

*Note 2.*      *Oversight Agency*  
  
The United States Department of Health and Human Services has been designated oversight audit agency for Allegany County, Maryland.

**ALLEGANY COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 1998**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Allegany County, Maryland.
2. No reportable conditions relating to the general purpose financial statements of Allegany County, Maryland are reported in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting.
3. No instances of noncompliance material to the general purpose financial statements of Allegany County, Maryland were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance.
5. The auditor's report on compliance for the major federal award programs for Allegany County, Maryland expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Allegany County, Maryland to be reported in Part C of this Schedule.
7. The programs tested as major programs include:

Squirrel Neck Bridge	20.205
Urban Mass Transit Administration:	
Capital And Operating Assistance	20.507
Medicare	93.773-4
Medicaid	93.778
8. The threshold for distinguishing Types A and B programs was \$397,000.
9. Allegany County, Maryland was determined to be a high-risk auditee.



**ALLEGANY COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 1998**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

*None*

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

*None*

**ALLEGANY COUNTY, MARYLAND  
SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 1998**

*There were no prior audit findings.*