

**ALLEGANY COUNTY, MARYLAND
SINGLE AUDIT REPORT
JUNE 30, 1999**

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

222 WASHINGTON STREET

CUMBERLAND, MARYLAND 21502

PHONE: (301) 759-3270

FAX: (301) 724-1480

DAVID W. TURNBULL, CPA
DIANE R. BONNER, CPA

RICHARD J. HOOVER, CPA
BERNARD B. KAHL, CPA

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, 1999, and have issued our report thereon dated October 28, 1999. 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 may 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, 1999

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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, 1999. 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; 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 of Allegany County, Maryland's compliance with those requirements.

As described in item 99-1 in the accompanying schedule of finding and questioned costs, Allegany County, Maryland did not comply with requirements regarding subrecipient monitoring that are applicable to its TANF Grants. Compliance with such requirements is necessary, in our opinion, for Allegany County, Maryland to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 1999.

Internal Control Over Compliance

The management of Allegany County, Maryland is responsible for establishing and maintaining effective internal control over compliance with the 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 the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect Allegany County, Maryland's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 99-1.

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 the 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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe that the reportable condition described above is a material weakness.

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, 1999, and have issued our report thereon dated October 28, 1999. 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 the 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, 1999

ALLEGANY COUNTY, MARYLAND

PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1998	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1999	PASS THROUGH TO SUBRECIPIENTS
			\$	\$	\$	\$	\$	\$	\$
10.769	N/A	N/A	\$ 360,107	-	-	-	-	-	-
Farmers Home Administration: Mexico Farms utility relocation									
10.770	N/A	N/A	906,800	-	-	-	-	-	-
Mexico Farms water & sewer grant									
10.770	N/A	N/A	420,000	-	-	-	-	-	-
Mexico Farms water & sewer loan									
10.770	N/A	N/A	923,000	(134,453)	747,240	(768,132)	295,828	(451,173)	-
McCoolle Water Project									
10.770	N/A	N/A	1,100,000	-	1,100,000	-	1,100,000	-	-
McCoolle Water Project - Loan									
10.770	N/A	N/A	100,600	-	-	-	-	-	-
Cash Valley Road Sewer grant									
10.770	N/A	N/A	147,000	-	-	-	-	-	-
Cash Valley Road Sewer loan									
10.770	N/A	N/A	1,392,500	-	348,721	-	348,721	-	-
Oldtown Road Sewer Grant									
10.770	N/A	N/A	557,500	-	-	-	-	-	-
Oldtown Road Sewer Loan									
10.770	N/A	N/A	370,500	-	-	-	-	-	-
Borden/Zihlman Water Grant									
10.770	N/A	N/A	339,500	-	-	-	-	-	-
Borden/Zihlman Water Loan									
Subtotal CDEA #10.770									
				(134,453)	2,195,961	(768,132)	1,744,549	(451,173)	-
10.904	N/A	N/A	N/A	-	15,995	-	15,995	-	-
Natural Resource Conservation Service Westport Flood Project									
Indirect:									
Food and Nutrition Service:									
Pass through Maryland Dept Of Human Resources									
10.550	N/A	CSA/FNS 99-001-A1	12,300	-	5,874	-	5,874	-	-
Food Distribution To The Needy									
Pass through Maryland Dept. of Education:									
10.559	N/A	N/A	N/A	-	2,341	10,057	12,398	-	2,341
Summer Camp Program									
Total US Department of Agriculture									
				(134,453)	2,220,171	(758,075)	1,778,816	(451,173)	2,341
US Department of Commerce:									
Direct:									
Economic Development Administration:									
Multi-Tenant Industrial Building									
11.300	01-01-03238	N/A	972,000	(147,334)	-	-	-	(147,334)	-
Riverside Industrial Park									
11.300	01-01-03368	N/A	1,960,000	7,965	-	-	4,975	2,990	-
Renovations To Former PPG Plant									
11.300	01-01-03723	N/A	995,000	-	-	-	381,144	(381,144)	-
Indirect:									
EDA Proj Income - Multi-Tenant									
11.300	N/A	N/A	-	-	54,000	(54,000)	-	-	-
Total US Department of Commerce									
				(139,369)	54,000	(54,000)	386,119	(525,488)	-

See accompanying notes to Schedule of Expenditures of Federal Awards

PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1998	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1999	PASS THROUGH TO SUBRECIPIENTS
US Dept. of Housing and Urban Development									
Indirect:									
Community Planning and Development									
14.219	N/A	N/A	N/A	-	41,466	-	2,284	39,182	-
14.219	N/A	N/A	N/A	222,369	4,562	-	13,885	213,046	-
14.219	N/A	N/A	N/A	473,443	120,000	-	-	593,443	-
Subtotal CFDA #14.219				695,812	166,028	-	16,169	845,671	-
Frostburg Industrial Park Expansion									
14.228	N/A	MD-89-ED-39	1,000,350	(97)	-	-	-	(97)	-
14.228	N/A	MD-91/92-SP-41	304,595	-	-	-	-	-	-
14.228	N/A	MD-91/92-SP-41	33,000	7,927	-	-	-	7,927	-
14.228	N/A	MD-93-CD-12	500,000	-	-	-	-	-	-
14.228	N/A	MD-91-ED-76	1,001,944	-	-	-	-	-	-
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	-	-	-	-	-	-
14.228	N/A	MD-97-CD-23	395,000	(63,025)	82,293	-	25,940	(6,672)	-
14.228	N/A	MD-97-FL-40	626,733	(1,898)	329,039	-	320,354	6,787	-
Subtotal CFDA #14.228				(57,093)	411,332	-	346,294	7,945	-
US Dept. of Housing and Urban Development (Cont)									
Indirect:									
Emergency Shelter Grant Program									
14.231	N/A	97-ESG-BOS-1	41,500	-	23,485	-	23,485	-	-
14.231	N/A	98-ESG-BOS-1	27,830	-	12,690	-	19,232	(6,542)	-
Subtotal CFDA #14.231				-	36,175	-	42,717	(6,542)	-
Senior Home Repair Program									
14.239	N/A	N/A	N/A	-	-	-	-	-	-
Special Target Area Program									
14.239	N/A	N/A	N/A	21,573	174,643	-	135,627	60,589	-
Subtotal CFDA #14.239				21,573	174,643	-	135,627	60,589	-
Community Planning and Development									
Passed through Maryland Dept. of Human Resources									
14.235	N/A	MD06B96-0501	196,659	-	71,354	-	71,354	-	-
14.235	N/A	MD06B96-0504	184,508	-	20,171	-	20,171	-	-
Subtotal CFDA #14.235				-	91,525	-	91,525	-	-

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, 1999

	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1998	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1999	PASS THROUGH TO SUBRECIPIENTS
US Dept. of Housing and Urban Development (Cont'd)										
Passed through Maryland Dept. of Economic and Community Development:										
	14.855	P-3507V	MD06-V020	N/A	1,344	115,309	-	114,788	1,865	-
Section 8 Voucher Program	14.855	P-3507V	MD06-V020	N/A	-	11,265	-	11,265	-	-
Section 8 Voucher Program Admin					1,344	126,574	-	126,053	1,865	-
Subtotal CFDA #14.855										
	14.856	P-3507	MD06-E020	N/A	6,466	440,015	-	440,842	5,639	-
Section 8 Existing	14.856	P-3525	MD06-K020	N/A	768	20,148	-	20,377	539	-
Section 8 Mod Rehab	14.856	P-3507	MD06-E020	N/A	-	40,825	-	40,825	-	-
Section 8 Existing Admin	14.856	P-3525	MD06-K020	N/A	-	2,400	-	2,400	-	-
Section 8 Mod Rehab Admin					7,234	503,388	-	504,444	6,178	-
Subtotal CFDA #14.856					668,870	1,509,665	-	1,262,829	915,706	-
Total US Department of HUD										
US Department of Justice:										
Direct:										
Office of Community Oriented Policing Services										
	16.710	95CNXX0115	N/A	104,067	-	33,573	-	44,764	(11,191)	-
COPS MORE Grant					1,302	-	-	1,302	-	-
Bureau of Justice Assistance										
	16.592	96-LB-VX-1524	N/A	20,039	-	-	-	-	-	-
Local Law Enforcement Block Grant										
Indirect:										
Passed through MD State Police										
	16.579	N/A	N/A	N/A	-	750	188	938	-	-
Marijuana Eradication										
Passed through Governor's Office of Crime Control & Prevention										
	16.579	N/A	DLE-98-46	37,906	-	29,166	9,722	38,888	-	-
Home Detention Grant	16.579	N/A	01SC-DL97-406-NA	10,000	-	9,881	-	9,881	-	-
HotSpot-Nuisance Abatement						39,797	9,910	49,707	-	-
Subtotal CFDA #16.579				76,912	-	74,376	-	99,168	(24,792)	-
Domestic Violence Prosecutor						74,376	-	99,168	(24,792)	-
Subtotal CFDA #16.588						74,376	-	99,168	(24,792)	-
Total US Department of Justice:										
				1,302		147,746	9,910	194,941	(35,983)	-

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, 1999

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1998	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1999	PASS THROUGH TO SUBRECIPIENTS
US Dept. of Transportation:									
Indirect:									
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	ARC-MD-10952-C7	ARC-MD-10952-C7	10,000	(43,499)	-	15,000	143,768	(128,768)	-
20.205	BRO-1-(454)E	AL789BM2	406,582	(43,499)	101,298	-	28,332	29,467	-
				(43,499)	101,298	15,000	172,100	(99,301)	-
Subtotal CFDA #20.205									
Federal Highway Administration									
Passed through MEMA									
Hazard Planning									
20.217	HMMD6038040	N/A	960	-	-	-	-	-	-
Urban Mass Trans. Admin:									
Passed through Maryland Department									
of Transportation									
20.500	MD-03-0055-01	MD-03-0055-01	109,763	-	-	-	-	-	-
20.500	MD-03-0052	MD-03-0052	645,187	-	-	-	-	-	-
				-	-	-	-	-	-
Subtotal CFDA #20.500									
20.507	MD-90-0034	MD-90-0034	248,000	-	8,738	2,102	10,840	-	-
20.507	MD-90-0043	MD-90-0043	132,008	(38)	13,085	2,454	15,501	-	-
20.507	MD-90-0039	MD-90-0039	202,904	-	1,121	290	1,411	-	-
20.507	MD-90-0063	MD-90-0063	-	-	31,394	7,380	38,774	-	-
20.507	MD-90-0063	MD-90-0063	-	724,718	202,445	370,808	542,707	755,264	-
				724,680	256,783	383,034	609,233	755,264	-
Subtotal CFDA #20.507									
20.509	MD-18-4016	MD-18-4016	37,860	-	37,860	119,324	157,184	-	-
Operating Assistance Suppl (FY99)									
Urban Mass Trans. Admin. &									
Federal Highway Administration									
Passed through Maryland Department									
of Transportation									
20.219	STP-1(377)E	A792-452-625	92,000	(6,627)	61,636	-	65,718	(10,709)	-
LaVale Toll Gate House									
20.505	N/A	N/A	69,839	-	11,851	2,962	14,813	-	-
20.505	N/A	N/A	-	-	57,988	14,496	72,484	-	-
				-	69,839	17,458	87,297	-	-
Subtotal CFDA #20.505									

ALLEGANY COUNTY, MARYLAND

PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July-1,-1998	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1999	PASS THROUGH TO SUBRECIPIENTS
US Dept. of Transportation (Cont):									
Indirect:									
Federal Highway Administration									
	20.215	N/A	14,300						
Passed through Maryland Department of Transportation Traffic Safety Div.									
EMT Training Upgrade									
		N/A		10,430			10,430		
	20.600	N/A	10,430	1,393	3,050		3,070	1,373	
	20.600	N/A	3,100	675,947	540,896	534,816	1,105,032	646,627	
Federal Highway Administration									
Passed through Maryland Department of Transportation and Allegany County Health Department									
Highway Safety Program									
Comprehensive Traffic Safety Prog.									
Total US Department of Transportation									
	23.001	MD-12354-96		4,803			4,803		
Appalachian Regional Commission:									
Region Telecommunications									
Special Initiatives									
	23.002	MD-11037-92-I	324,000	(49,113)				(49,113)	
	23.002	01-01-03723	625,000				243,682	(243,682)	
	23.002	MD-11406-93-I	528,000	2,115				2,115	
				(46,998)			243,682	(290,680)	
	23.011	MD-12932-I-214	50,000	(66,946)	47,758	39,967	14,339	6,440	
	23.002	N/A	N/A		18,000	(18,000)			
Indirect:									
Multi-Tenant Prog Income - Rent									
Passed through Maryland Dept of Housing & Community Development									
Building Performance Standards									
	23.011	ARC 95-144	21,265						
Passed through Maryland Office of Planning									
Westport Greenway Park									
	23.011	ARC 10952-97	3,500		3,500	3,500	7,000		
	23.011	ARC 10952-97	25,000		25,000	25,000	50,000		
	23.011	MD-10952-96	2,500						
	23.011	N/A	15,000						
	23.011	N/A	9,000	155	3,760	7,754	3,915	7,754	
				155	32,260	36,254	60,915	7,754	
				(113,789)	102,821	58,221	323,739	(276,486)	
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, 1999

	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1998	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1999	PASS THROUGH TO SUBRECIPIENTS
National Foundation of Arts & Humanities										
Direct:										
Institute of Museum Services										
	45.302	IM-80129-98	N/A	1,775	-	1,775	-	827	948	-
	45.304	IA-80004-98	N/A	6,030	-	6,030	-	-	6,030	-
						7,805		827	6,978	
Total National Foundation of Arts & Humanities										
Environmental Protection Agency										
Direct:										
Office of Water, Environmental Protection Agency										
	66.418	C-240382-03	N/A	14,065,000	-	-	-	-	-	-
Indirect:										
Passed through Md Dept of the Environment										
	66.418	C-240729-03	MD-88-08-31-0646	1,333,750	-	-	-	-	-	-
Total Environmental Protection Agency										
Federal Emergency Management Agency										
Direct:										
Disaster Resistant Community										
	83.551	EMW-97-CR-0525	N/A	22,125	-	13,125	2,625	6,295	9,455	-
Disaster Resistant Community										
	83.551	EMW-97-CR-0525	N/A	700,000	368	223,754	200,248	459,262	(34,892)	-
					368	236,879	202,873	465,537	(25,437)	-
Subtotal CFDA #83.551										
Indirect:										
State and Local Programs Support										
Passed through Maryland Emergency and Civil Defense Agency:										
	83.503	N/A	N/A	N/A	(13,324)	13,324	-	-	-	-
	83.503	N/A	N/A	N/A	-	38,195	57,253	101,590	(6,142)	-
					(13,324)	51,519	57,253	101,590	(6,142)	-
Subtotal CFDA #83.503										
State and Local Programs Support										
Passed through Maryland Emergency January 1996 Flood										
	83.516	N/A	N/A	N/A	(181,245)	195,358	47,972	62,085	-	-
September 1996 Flood										
	83.516	N/A	N/A	N/A	(20,000)	(2,147)	-	-	(22,147)	-
					(201,245)	193,211	47,972	62,085	(22,147)	-
Subtotal CFDA #83.516										
Hazard Mitigation										
Passed through Maryland Emergency Locust Grove Property Acquisition										
	83.548	N/A	N/A	308,230	(6,436)	5,467	1	98,485	(99,453)	-
					(220,637)	487,076	308,099	727,717	(153,179)	-
Total Federal Emergency Management Agency										

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, 1999

FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE July 1, 1998	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1999	PASS THROUGH TO SUBRECIPIENTS
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									
93.558	N/A		235,000	13,154	175,975	4,136	193,265	-	193,265
Wheels to Work Program (TANF)									
93.558	N/A		165,000	68,374	73,968	-	142,342	-	142,342
Daycare Training Center (TANF)									
93.558	N/A		159,998	-	110,184	-	99,183	11,001	99,183
Daycare/After School Center (TANF)									
Subtotal CFDA #93.558									
				81,528	360,127	4,136	434,790	11,001	434,790
Family Support Administration:									
Pass through Maryland Dept. of									
Human Resources:									
93.563	N/A	CSEA/CR-99-52	14,548	-	9,016	5,474	14,490	-	-
Fee For Service Sheriffs									
93.563	N/A	CSEA/CR-99-1	144,332	-	138,690	78,061	216,751	-	-
Child Support Enforcement									
93.563	N/A	CSEA/CR-99-3	73,618	-	73,004	45,561	118,565	-	-
Masters Program									
Subtotal CFDA #93.563									
				-	220,710	129,096	349,806	-	-
Health Care Financing Administration									
Pass through Maryland Dept. of									
Health & Mental Hygiene:									
93.773	N/A		N/A	-	634,944	-	634,944	-	-
Medicaid; Nursing Home Care									
93.778	N/A		N/A	576,481	3,260,999	1,318,302	5,155,782	-	-
Medicaid; Nursing Home Care									
Health Care Financing Administration									
Pass through Maryland Dept. of									
Health & Mental Hygiene and									
Allegany County Health Department:									
93.778	N/A		N/A	-	268,366	(8,840)	277,206	(17,680)	-
Medicaid; Medical Transportation									
Program									
Subtotal CFDA #93.778									
				576,481	3,529,365	1,309,462	5,432,988	(17,680)	-
Total US Department of Health									
and Human Services									
				658,009	4,745,146	1,442,694	6,852,528	(6,679)	434,790
				\$ 1,395,880	\$ 9,815,326	\$ 1,541,665	\$ 12,632,548	\$ 120,323	\$ 437,131
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, 1999

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 accompanying Schedule of Expenditures of Federal Awards 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 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, 1998 and June 30, 1999, 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

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 1999

Note 1. Summary of Significant Accounting Policies – continued
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
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, 1999

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 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. One reportable condition relating to the audit of major federal award programs is reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance. This condition is considered a material weakness.
5. The auditor's report on compliance for the major federal award programs for Allegany County, Maryland expresses a qualified opinion.
6. The audit finding relative to the major federal award programs for Allegany County, Maryland is reported in Part C of this Schedule.
7. The programs tested as major programs include:

Farmers Home Administration	10.770
Economic Development Administration	11.300
Section 8	14.856
TANF Grants	93.558
Medicare	93.773-4
Medicaid	93.778

8. The threshold for distinguishing Types A and B programs was \$359,000.
9. Allegany County, Maryland was determined to be a low-risk auditee.

ALLEGANY COUNTY, MARYLAND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 1999

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

Reference Number 99-1
 U.S. Department of Health and Human Services
 Administration For Children and Families
 Temporary Assistance For Needy Families
 CFDA Number 93.558

Finding	Questioned Costs
<p><u>Condition and Criteria:</u> The County failed to provide all subrecipients the CFDA title and number, award name and number, and award year. The County also failed to advise the subrecipients of the requirements imposed on them by federal laws, regulations, and the provisions of contracts or grant agreements. Additionally, the County failed to maintain adequate internal control over the subrecipients' compliance with the applicable federal laws, regulations, and the provisions of contracts or grant agreements.</p>	None
<p><u>Effect:</u> Subrecipients may be unaware of the fact that they are receiving federal award money or that they may require a single audit. In addition, the subrecipients may not be in compliance with the applicable federal laws, regulations and the provisions of contracts or grant agreements.</p>	
<p><u>Cause:</u> The County's internal controls do not contain procedures to disclose information to subrecipients nor do they contain proper procedures to monitor subrecipients in accordance with OMB Circular A-133.</p>	
<p><u>Auditor's Recommendation:</u> We recommend the County update its internal controls over subrecipients to include procedures to disclose to subrecipients the information required by OMB Circular A-133. We also recommend that County personnel review OMB Circular A-133 for required monitoring procedures and other pass-through entity responsibilities.</p>	
<p><u>Grantee Response:</u> Allegany County agrees with the finding and has implemented procedures to provide subrecipients of the U.S. Department of Health and Human Services' Temporary Assistance for Needy Families grant (CFDA #93.558) with CFDA titles and numbers, award name and numbers, and award year. The procedures provide for advising all subrecipients of requirements imposed by the grant agreements and will put into place a system to monitor compliance with all those requirements.</p>	

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1999

There were no prior audit findings