

**ALLEGANY COUNTY, MARYLAND  
SINGLE AUDIT REPORT  
JUNE 30, 2009**

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

**ALLEGANY COUNTY, MARYLAND  
SINGLE AUDIT REPORT  
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David W. Turnbull, CPA  
Richard J. Hoover, CPA  
Bernard B. Kahl, CPA



222 Washington Street  
Cumberland, Maryland 21502  
Phone: 301.759.3270  
Fax: 301.724.1480

Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based On An Audit Of Financial Statements Performed  
In Accordance With *Government Auditing Standards*

To the Board of Allegany County Commissioners  
Cumberland, Maryland

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegany County, Maryland, as of and for the year ended June 30, 2009, which collectively comprise Allegany County, Maryland's basic financial statements and have issued our report thereon dated November 20, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Allegany County Board of Education and the LaVale Sanitary Commission, as described in our report on Allegany County, Maryland's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Allegany County, Maryland's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Allegany County, Maryland's financial statements that is more than inconsequential will not be prevented or detected by Allegany County, Maryland's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Allegany County, Maryland's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Board of Commissioners of Allegany County, Maryland, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cumberland, Maryland  
November 20, 2009

David W. Turnbull, CPA  
Richard J. Hoover, CPA  
Bernard B. Kahl, CPA



222 Washington Street  
Cumberland, Maryland 21502  
Phone: 301.759.3270  
Fax: 301.724.1480

Report on Compliance with Requirements Applicable  
To Each Major Program and On Internal Control over  
Compliance in Accordance with OMB Circular A-133

To the Board of Allegany County Commissioners  
Cumberland, Maryland

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, 2009. 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.

Allegany County's basic financial statements include the operations of the Allegany County Board of Education and Allegany College of Maryland, which received \$24,622,787 and \$13,455,401 in federal awards, respectively, that are not included in the schedule during the year ended June 30, 2009. Our audit, described below, did not include the operations of the Allegany County Board of Education because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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.

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, 2009.

## 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Allegany County, Maryland's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegany County, Maryland, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 20, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Allegany County, Maryland's, basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Commissioners of Allegany County, Maryland, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Turnbull, Hoover; Kahl, P.C.*

Cumberland, Maryland  
November 20, 2009

ALLEGANY COUNTY, MARYLAND  
PRIMARY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Federal CFDA#	Federal Grant Number	Pass-Through Grantor's Number	Program Award Amount	Federal Expenditures	Pass Through to Subrecipients
<b>U.S. Department Of Agriculture</b>						
Direct:						
Rural Development:						
Dry Run Grant	10.760	68-3B19-5-504	N/A	1,438,337	194,263	
Georges Creek Sewerage System Rehab	10.760	2007-2	N/A	506,000	10,939	
Educational Facilities Loan-Mt Ridge-#2	10.766	03-01	N/A	5,000,000	314,002	314,002
Educational Facilities Loan-Mt Ridge-Program Income	10.766	03-01	N/A	6,056	6,056	6,056
Bowmans Addition-Water	10.760	USDA Loan	N/A	600,000	600,000	
Bowmans Addition-Water	10.760	USDA Grant	N/A	1,556,000	921,951	
Clarysville Water	10.760	USDA Loan	N/A	221,000	-	
Clarysville Water	10.760	USDA Grant	N/A	360,000	-	
Sewer Equipment-Camera	10.760	USDA Grant	N/A	50,000	50,000	
Warrior Run Fish Passage Project-NRCS	10.912	WHIP-723B19080CZ	N/A	244,091	195,002	195,002
Direct:						
Food and Nutrition Service:						
Pass-Through Maryland Dept of Human Resources:						
Food Distribution To The Needy	10.568	N/A	CSA/FNS 08-001	16,020	5,890	5,890
Food Distribution To The Needy	10.568	N/A	CSA/FNS 09-001	12,300	10,068	10,068
<b>Total U.S. Department Of Agriculture</b>					<b>\$ 2,308,171</b>	<b>\$ 531,018</b>
<b>U.S. Department of Commerce</b>						
Direct:						
Economic Development Administration:						
Upper Potomac Industrial Park Flood	11.300	01-01-07534.01	N/A	1,406,000	-	-
<b>Total U.S. Department Of Commerce</b>					<b>\$ -</b>	<b>\$ -</b>
<b>U.S. Department of Housing and Urban Development</b>						
Direct:						
Community Planning and Development						
CDBG Project Income Housing	14.228	N/A	N/A	N/A	2,062	
Pass-Through Md Dept of Housing and Community Development						
CDBG Revolving Loan Program	14.228	N/A	MD-09-CD-24	250,000	104,379	
CDBG-Neighborhood Facilities-HRDC Building	14.228	N/A	MD-07-CD-5	400,000	244,331	244,151
CDBG-Bowman's Addition	14.228	N/A		400,000	400,000	
Emergency Shelter Grant	14.231	N/A	2007-ESG-BOS-1	29,700	22,650	22,650
Emergency Shelter Grant	14.231	N/A	2008-ESG-BOS-1	28,657	22,467	22,467
Special Target Area Grant	14.239	N/A	N/A	N/A	124,863	
Pass-Through Maryland Dept of Housing and Community Development						
Section 8 Mod Rehab	14.856	P-3525	MD06-K020	N/A	10,905	
Section 8 Mod Rehab-Admin	14.856	P-3525	MD06-K020	N/A	1,517	
Section 8 Voucher-Admin	14.871	P-3507V	MD06-V020	N/A	53,900	
Section 8 Voucher	14.871	P-3507V	MD06-V020	N/A	696,933	
<b>Total U.S. Department of HUD</b>					<b>\$ 1,684,007</b>	<b>\$ 289,268</b>



ALLEGANY COUNTY, MARYLAND  
PRIMARY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

J.S. Department of Justice

Indirect:

Governor's Office of Crime Control and Prevention						
JAG Grant	16.738	N/A	BJAG-2007-1080	28,015	13,690	
Byrne-Justice Assistance Grant-Mobile Intel Data	16.738	N/A	BJAG-2005-1071	14,852	13,500	
JAG Grant	16.738	N/A	BJAG-2006	2,388	2,388	

\$ 29,578 \$ -

Total U.S. Department Of Justice

U.S. Department of Transportation

Direct:

Continuity of Operations/Government	20.313	DTRF53-09-G-0027	N/A	2,000,000	431,848	
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Indirect:

Urban Mass Trans Admin:						
Passed Through Maryland Dept of Transp						
Capital Assistance MTA	20.507	N/A	MD-90-0115	504,000	349,653	
Capital Assistance MTA	20.507	N/A	MD-90-0115	96,000	96,000	
Capital Assistance MTA-American Recovery Act	20.507	N/A	MD-90-0115	77,991	77,991	
Operating Assistance	20.507	N/A	MD-90-4118	495,877	495,877	

Urban Mass Trans. Admin & Federal Highway Administration						
Passed-Through Maryland Dept of Transportation						
Unified Planning Work Program 08	20.505	N/A	FY09 UPWP	N/A	69,800	

Federal Highway Administration						
Passed through MD Inst Emergency						
Medical Services						
EMT - Region 1 Fire Equipment	20.600	N/A	FY 08-001	23,746	23,746	
EMT - Region 1 Fire Equipment	20.600	N/A	FY 08-002	9,975	9,975	

\$ 1,554,890 \$ -

Appalachian Region Commission

Indirect:

Passed Through Maryland State Highway Admin						
Barton Park Drive-Phase III	23.003	N/A	ARC-MD-15629-2007-1-201b	400,000	271,887	
Passed Through Maryland Office of Planning:						
GIS Coordination Plan	23.011	N/A	ARC-10952-C12	20,000	20,000	
Comprehensive Planning-Watersheds	23.011	N/A		20,000	20,000	

\$ 311,887 \$ -

ALLEGANY COUNTY, MARYLAND  
PRIMARY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<b>Environmental Protection Agency</b>							
Indirect:							
Passed Through Maryland Department of Environment							
Capitalization Grants for State Revolving-Savage River	66.458	N/A	N/A	N/A		88,573	
Capitalization Grants for State Revolving	66.458	N/A	N/A	N/A		141,573	
<b>Total Environmental Protection Agency</b>						<b>\$ 230,146</b>	<b>\$ -</b>
<b>U.S. Department of Health and Human Services</b>							
Indirect:							
Family Support Administration:							
Pass Through Maryland Dept of Human Resources							
Master's Program	93.563	N/A	CSEA/CR 06-003		60,617	60,617	
<b>Total U.S. Department of Health and Human Services</b>						<b>\$ 60,617</b>	<b>\$ -</b>
<b>Federal Emergency Management</b>							
Indirect:							
Passed Through Maryland Emergency Management Agency							
Civil Defense-08 Grant	97.042	N/A	N/A		66,045	16,511	
Civil Defense-09 Grant	97.042	N/A	N/A		72,180	54,134	
Civil Defense-Supplemental Grant	97.042	N/A	N/A		12,212	12,212	
Flood Mitigation-Scattered Sites	97.039	N/A	N/A		159,000	153,941	
Passed through Maryland Emergency Medical Services:							
SAFERS Grant	97.044	N/A	EMW-2006-FF-04520		294,980	48,100	
<b>Total Federal Emergency Management</b>						<b>\$ 284,898</b>	<b>\$ -</b>
<b>U.S. Department of Homeland Security</b>							
Indirect:							
Passed Through Maryland Emergency Management Agency							
Citizens Corp	97.067	N/A	N/A		6,000		
Citizens Corp-Mini Grant	97.067	N/A	N/A		500	500	500
Hazardous Materials Emergency	97.067	N/A	N/A		1,500	1,500	
FY 07 State Domestic Preparedness	97.067	N/A	N/A		313,019	291,946	
FY 08 State Domestic Preparedness	97.067	N/A	N/A		276,559	93,775	
<b>Total U.S. Department of Homeland Security</b>						<b>\$ 387,721</b>	<b>\$ 500</b>
<b>Grand Total</b>						<b>\$ 6,851,915</b>	<b>\$ 820,786</b>

**ALLEGANY COUNTY, MARYLAND**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2009**

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 fund financial statements prepared on the same basis of accounting.

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

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

Note 2.        Oversight Agency

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

**ALLEGANY COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2009**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Allegany County, Maryland.
2. No significant deficiencies disclosed during the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Allegany County, Maryland, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Allegany County, Maryland expresses an unqualified opinion on all major federal programs.
6. There are no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 reported in this Schedule.
7. The programs tested as major programs included:

U.S. Department of Agriculture	10.760
U.S. Department of Housing and Urban Development	14.871
U.S. Department of Housing and Urban Development	14.228
U.S. Department of Transportation	20.313
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Allegany County, Maryland did not qualify as a low risk auditee.

**ALLEGANY COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2009**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

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

None

**ALLEGANY COUNTY, MARYLAND**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2008**

FINANCIAL STATEMENT AUDIT

FINDING 2008-1 Material Adjusting Journal Entries

*Condition and Criteria:* Material adjusting journal entries were discovered, proposed, and recorded during the course of the financial audit of Allegany County, Maryland. None of those adjustments affected federal programs.

*Recommendation:* The auditor recommends that management design additional controls over the preparation of the financial statements to prevent or detect material misstatements.

*Current Status:* No similar findings were noted in the 2009 audit.