

**ALLEGANY COUNTY, MARYLAND
AMENDED SINGLE AUDIT REPORT
JUNE 30, 1986**

ALLEGANY COUNTY, MARYLAND
AMENDED SINGLE AUDIT REPORT

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Auditor's Report on Schedule
of Federal Financial Assistance

Board of Allegany County
Commissioners
3 Pershing Street
Cumberland, Maryland

We have examined the general purpose financial statements of Allegany County, Maryland for the year ended June 30, 1986, and have issued our report thereon dated December 6, 1986. Our examination of such general purpose financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions issued by the U. S. General Accounting Office, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements 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 examination 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.

Delaney, Turnbull & Associates, P.A.

Cumberland, Maryland
July 15, 1988

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Auditor's Report on Compliance
with Laws and Regulations

Board of Allegany County
Commissioners
3 Pershing Street
Cumberland, Maryland

We have examined the general purpose financial statements of Allegany County, Maryland, for the year ended June 30, 1986, and have issued our report thereon dated December 6, 1986. Our examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U. S. General Accounting Office, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of Allegany County, Maryland is responsible for the County's compliance with laws and regulations. In connection with our examination referred to above, we selected and tested transactions and records to determine the County's compliance with laws and regulations, noncompliance with which could have a material effect on the general purpose financial statements of the County.

The results of our tests indicate that for the items tested, Allegany County, Maryland, complied with those provisions of laws and regulations, noncompliance with which could have a material effect on the general purpose financial statements. Nothing came to our attention that caused us to believe that for the items not tested Allegany County, Maryland, was not in compliance with laws or regulations, noncompliance with which could have a material effect on the County's general purpose financial statements.

Delaney, Turnbull & Associates, P.A.

Cumberland, Maryland
July 15, 1988

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Auditor's Report on Compliance
with Laws and Regulations
Related to Major Federal
Assistance Programs

Board of Allegany County
Commissioners
3 Pershing Street
Cumberland, Maryland

We have examined the general purpose financial statements of Allegany County, Maryland, for the year ended June 30, 1986, and have issued our report thereon dated December 6, 1986. Our examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U. S. General Accounting Office; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of Allegany County, Maryland, is responsible for the County's compliance with laws and regulations. In connection with the examination referred to above, we selected and tested transactions and records from each major federal financial assistance program and certain nonmajor federal financial assistance programs. The purpose of our testing of transactions and records from those federal financial assistance programs was to obtain reasonable assurance that Allegany County, Maryland, had, in all material respects, administered major programs, and executed the tested nonmajor program transactions, in compliance with laws and regulations, including those pertaining to financial reports and claims for advances and reimbursements, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

Our testing of transactions and records selected from major federal financial assistance programs disclosed instances of noncompliance with those laws and regulations. All instances of noncompliance that we found and the programs to which they relate are identified in the accompanying schedule of findings and questioned costs.

In our opinion, subject to the effect of the ultimate resolution of those instances of noncompliance referred to in the preceding paragraph, for the year ended June 30, 1986, Allegany County, Maryland, administered each of its major federal financial assistance programs in compliance, in all material respects, with laws and regulations, including those pertaining to financial reports and claims for advances and reimbursements, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

The results of our testing of transactions and records selected from nonmajor federal financial assistance programs indicate that for the transactions and records tested Allegany County, Maryland, complied with the laws and regulations referred to in the second paragraph of our report, except as noted in the accompanying schedule of findings and questioned costs. Our testing was more limited than would be necessary to express an opinion on whether Allegany County, Maryland, administered those programs in compliance in all material respects with those laws and regulations, noncompliance with which we believe could have a material effect on the allowability of program expenditures; however, with respect to the transactions and records that were not tested by us, nothing came to our attention to indicate that Allegany County, Maryland, had not complied with laws and regulations other than those laws and regulations for which we noted violations in our testing referred to above.

DeLaney, Turnbull & Associates, P.A.

Cumberland, Maryland
July 15, 1988

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**Auditor's Report on Internal
Accounting and Administrative
Controls**

Board of Allegany County
Commissioners
3 Pershing Street
Cumberland, Maryland

We have examined the general purpose financial statements of Allegany County, Maryland for the year ended June 30, 1986, and have issued our report thereon dated December 6, 1986. As part of our examination, we made a study and evaluation of the system of internal accounting control of Allegany County, Maryland, to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

- Treasury
- Personal Service Expenditures
- Other Than Personal Service Expenditures
- Revenue

The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of Allegany County, Maryland, is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system 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 financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Allegany County, Maryland, taken as a whole or on any of the categories of controls identified in the first paragraph. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

This report is intended solely for the use of management and the U.S. Department of Health and Human Services and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the U.S. Department of Health and Human Services is a matter of public record.

Deaney, Turnbull & Associates, P.A.

Cumberland, Maryland
July 15, 1988

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Auditor's Report on Internal
Accounting and Administrative
Controls Over Federal
Assistance Programs

Board of Allegany County
Commissioners
3 Pershing Street
Cumberland, Maryland

We have examined the general purpose financial statements of Allegany County, Maryland, for the year ended June 30, 1986, and have issued our report thereon dated December 6, 1986. As part of our examination, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U. S. General Accounting Office, the Single Audit Act of 1984, and the provisions of OMB Circular A-128, Audits of State and Local Governments. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories:

- Political Activity
- Davis - Bacon Act
- Civil Rights
- Cash Management
- Relocation Assistance and Real
Property Acquisition
- Federal Financial Reports

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The management of Allegany County, Maryland is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that, with respect to federal financial assistance programs, resource use is consistent with laws, regulations and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed in the first paragraph. During the year ended June 30, 1986 Allegany County, Maryland, expended 82.7% of its total federal financial assistance under major federal financial assistance programs. With respect to internal control systems used in administering major federal financial assistance programs, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

With respect to the internal control systems used solely in administering the nonmajor federal financial assistance programs of Allegany County, Maryland, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Our study and evaluation of the internal control systems used solely in administering the nonmajor federal financial assistance programs of Allegany County, Maryland did not extend beyond this preliminary review phase.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of Allegany County, Maryland. Accordingly, we do not express an opinion on the internal control system used in administering the federal financial assistance programs of Allegany County, Maryland. Further, we do not express an opinion on the internal control systems used in administering the major federal financial assistance programs of Allegany County, Maryland.

Also, our examination, made in accordance with the standards mentioned in the first paragraph, would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor federal financial assistance programs.

However, our study and evaluation and our examination disclosed no condition that we believe to be a material weakness in relation to a federal financial assistance program of Allegany County, Maryland.

This report is intended solely for the use of management and the United States Department of Health and Human Services and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by Allegany County, Maryland, is a matter of public record.

Delaney, Turnbull & Associates, P.A.

Cumberland, Maryland
July 15, 1988

ALLEGANY COUNTY, MARYLAND

OVERSIGHT-ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1986

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1985	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1986
US Dept. of HUD:									
1985 CDBG	14.219	B85-DH-24-0002	N/A	\$300,000	\$0	\$58,032	\$0	\$58,032	\$0
1983 CDBG	14.219	B83-HJ-24-0001	N/A	242,400	(58,419)	34,667	78,270	54,518	0
1982 CDBG	14.219	B82-DH-24-0004	N/A	500,000	28,852	21,727	4,604	30,841	24,342
1980 CDBG	14.219	A80-DN-24-0100	N/A	1,570,000	3,710	242,583	65,339	269,252	42,380
CDBG-Program Income	14.219	N/A	N/A	0	0	69,943	0	35,636	34,307
Passed through Maryland Dept. of Economic and Community Development:									
Section 8 Moderate Rehab	14.156	P-3525	MD06-K020	217,140	1,307	24,949	0	25,629	627
Section 8 Existing	14.156	P-3507	MD06-E020	241,230	1,063	294,006	0	293,641	1,428
Total US Department of HUD					(\$23,487)	\$745,907	\$148,213	\$767,549	\$103,084
US Dept. of Agriculture:									
Soil Conservation Service\									
Georges Creek Project	N/A	68-3B19-6	N/A	168,400	\$0	\$50,626	\$12,883	\$63,509	\$0
Farmers Home Administration\									
Industrial Dev. Grant	10.418/								
Westernport Indust. Park	10.424	N/A	N/A	95,000	0	3,382	0	4,075	(693)
Community Facilities Loan-									
Westernport Indust. Park	10.423	N/A	N/A	145,000	(137,816)	0	145,000	7,184	0
Passed through Maryland Dept. of Education:									
Temporary Emergency Food									
Assistance Program	10.550	N/A	N/A	N/A	0	11,727		11,727	0
Total US Department of Agriculture					(\$137,816)	\$65,735	\$157,883	\$86,495	(\$693)

(continued)

ALLEGANY COUNTY, MARYLAND
OVERSIGHT ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1986

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1985	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1986
U.S. Dept of Transportation:									
Urban Mass Tran. Admin.\									
Mass Transit Admin.									
All Trans	20.507	MD-03-4002	MD-03-4002	\$28,000	\$0	\$20,645	\$0	\$20,645	\$0
Passed through Maryland Dept.									
of Transportation:									
State Highway Admin. of MD									
PPG Bridge (H8301)	20.205	BR-SOS-1(168)	A671-951-612	500,000	(1,569)	0	1,569	0	0
Williams Rd.(H8302)	20.205	BR-SOS-1(169)	A672-951-612	140,000	11,464	90,277	(2,275)	114,351	(14,885)
Packhorse Rd.(H8303)	20.205	BR-SOS-1(175)	A678-951-612	400,000	(6,309)	57,726	(22,652)	28,765	0
Bridge Invent.(H8307)	20.205	BR-HBIS-(038)	A706-951-612	101,000	24,000	34,820	(8,098)	51,925	(1,203)
Mexico Farms Bridge	20.205	BR-SOS-1(236)	A708-951-612	325,600	0	0	80,296	11,845	68,451
Urban Mass Trans. Admin.\									
Mass Transit Admin.									
Operating Assist(FY'85)	20.507	MD-90-4018	MD-90-4018	208,100	0	179,310	89,655	268,965	0
Capital Assist-FY'85-86	20.507	MD-90-0018	MD-90-0018	453,500	0	437,850	81,949	519,799	0
Operating Assist(FY'86)	20.507	MD-90-4022	MD-90-4022	220,000	0	0	223,349	223,349	0
Region I Rescue and Medical Equipment Improvement	20.600	85-088	85-088	10,800	0	10,800	11,430	22,230	0
Total US Department of Transportation					\$27,586	\$831,428	\$455,223	\$1,261,874	\$52,363
US Dept. of the Treasury:									
Revenue Sharing:									
Entitlement 16	21.300	21-1-001-001	N\A	1,126,733	\$0	\$280,674	\$0	\$280,674	\$0
Entitlement 17	21.300	21-1-001-001	N\A	1,029,686	0	842,609	383,717	1,226,326	0
Total U.S. Dept of the Treasury					\$0	\$1,123,283	\$383,717	\$1,507,000	\$0

(continued)

ALLEGANY COUNTY, MARYLAND
OVERSIGHT ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1986

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1985	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1986
US Department of Interior:									
Appalachian Regional Commission:									
ARC 302	23.011	83-115	N/A	\$300,000	\$5,468	\$38,963	(\$43,780)	\$651	\$0
ARC 207, FY1986	23.011	376-85E	N/A	12,000	0	8,844		8,844	0
ARC 207, FY1985	23.011	376-85E	N/A	28,746	(14,125)	14,125			0
Industrial Development Grant\									
Westernport Indust. Park	23.002	N/A	N/A	244,000	0	8,724	0	28,952	(20,228)
Downtown Westernport									
Revitalization Project	23.011	83-92	N/A	480,000	0	0	0	0	0
		MD-8390-82-Y1							
Passed through State Highway									
Administration of Maryland:									
Mexico Farms Access									
Road (ARC) (H8312)	20.205	ALR-23-008	APL-5000	395,429	0	357,132	117,600	446,415	28,317
Passed through Maryland Department									
of Natural Resources:									
Land and Water Conservation Fund:									
Program Open Space:									
Alleg High School Track	15.916	N/A	1674-1-69	76,521	0	62,010	13,360	75,370	0
Allegany Co. Fairground	15.916	N/A	2196-1-81	64,096	0		215,550	214,897	653
Total US Department of Interior					(\$8,657)	\$489,798	\$302,730	\$775,129	\$8,742
Federal Emergency Management Agency:									
Passed through Maryland Emergency									
and Civil Defense Agency:									
Civil Defense	83.516	MD-280	MD-280	N/A	0	32,014	32,014	64,028	\$0
Department of Commerce:									
Economic Development Administration:									
Mexico Farms Rail Siding	11.300	01-01-01546.01	N/A	1,132,973	74,410	0	(22,542)	6,510	\$45,358

(continued)

ALLEGANY COUNTY, MARYLAND
OVERSIGHT ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1986

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1985	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1986
U.S. Department of Health and Human Services: Passed through Maryland Department of Human Resources- Child Support Enforcement Administration: Title IV Child Support Enforcement	13.679	N/A	1110	\$32,267	\$0	\$6,823	\$19,783	\$46,515	(\$19,909)
Total Federal Financial Assistance Programs					(\$67,964)	\$3,294,988	\$1,477,021	\$4,515,100	\$188,945

ALLEGANY COUNTY, MARYLAND

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS JUNE 30, 1986

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 Single Audit Act of 1984 and the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments (April, 1985 revision). Compliance testing of all general requirements, as described in the Compliance Supplement was performed. Compliance testing of specific requirements was performed for the following federal financial assistance programs. These programs represent all federal financial assistance programs with fiscal year 1986 expenditures in excess of \$300,000 and cover 82.7% of total federal financial assistance program expenditures:

<u>Grant Description</u>	<u>CFDA Number</u>	<u>Fiscal Year 1986 Expenditures</u>
Revenue Sharing	21.300	\$ 1,507,000
Community Development Block Grants	14.219	448,279
Section 8 Housing Funds	14.156	319,270
U.S. Department of Interior - Appalachian Region Commission Grant	23.008	446,415
Urban Mass Transit Administration Grants	20.507	<u>1,012,113</u>
TOTAL		<u>\$ 3,733,077</u>

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, 1986

Note 2 - Fiscal Period Audited

Single audit testing procedures were performed for program transactions occurring during the fiscal year ended June 30, 1986. This was the first year for Single Audit testing.

Note 3 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying schedule of federal financial assistance programs includes all federal grants of the County which had financial activity during fiscal year 1986. This schedule has been prepared on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

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, 1985 and June 30, 1986, 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, 1986

Note 3 - 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, reallocation of bond proceeds, interfund operating transfers-in, and proceeds of issuances of long-term debt. The amounts shown as other financing uses represent interfund operating transfers-out and reallocation of bond proceeds. 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.

Note 4 - Finding of Noncompliance

The Finding of Noncompliance, as further discussed in the accompanying Schedule of Findings of Noncompliance, relates to the County's monitoring of subrecipients. The County has not received Single Audit reports from the Allegany County Public Housing Authority ("PHA") as required by OMB Circular A-128. The County has used PHA to administer the County's CDBG and Section 8 grant funds. During the fiscal year ended June 30, 1986, the County had revenues from these two programs of \$675,964 and expenditures of \$731,913. The County has requested that the Public Housing Authority contract for and submit the completed Single Audit reports to the County as soon as they are completed.

ALLEGANY COUNTY, MARYLAND

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS (Continued) JUNE 30, 1986

NOTE 5 - Amended Single Audit Report

This amended Single Audit report supercedes the original report issued June 15, 1987. This report contains five major changes:

1. Resolution of the finding and questioned cost relating to the County's grant from the U.S. Department of Interior, Appalachian Regional Commission, passed through the Maryland State Highway Administration. This grant relates to the Mexico Farms (MF) Access Road Project. The County received and expended \$357,132 of Federal funds. These costs were previously questioned because the County was not able to locate basic grant documents to ascertain whether specific regulations or restrictions effect these grant funds which prohibited the application of Single Audit tests to this program. Subsequent to the issuance of the orginial 1986 Single Audit Report dated June 15, 1987, the County was able to obtain these basic grant documents. Single Audit tests were then applied to this program resulting in a resolution of the previous Finding and Questioned Costs.

2. Inclusion of an additional findings of noncompliance. During the 1987 Single Audit, additional information became available concerning the County's relationship with the Allegany County Public Housing Authority. During fiscal year 1987, it was discovered that the Public Housing Authority is a subrecipient of the U.S. Department of Housing and Urban Development, Community Development Block Grant and Section 8 grant funds. This amended report includes these funds in the County's Schedule of Federal Financial Assistance and questioned costs as the County has not received subrecipient Single Audit reports from Allegany County Public Housing Authority. See Note 4 for additional information.

3. During 1987, the County became aware that a portion of its Program Open Space revenues received from the State of Maryland contained Federal pass-through funds. Previously, the County was of the understanding that all Program Open Space funds received from the State, were State funds. Therefore the County's Federal Program Open Space projects are now included in the Schedule of Federal Financial Assistance.

ALLEGANY COUNTY, MARYLAND

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS (Continued) June 30, 1986

NOTE 5 - Amended Single Audit Report - (continued)

4. Inclusion of Mexico Farms Rail Siding Project. The County had previously omitted this project from its Scheduled Federal and Financial Assistance.
5. Revision of Urban Mass Transit Administration expenditures. In the initial 1986 Schedule of Federal and Financial Assistance, Urban Mass Transit Administration expenditures were mistakenly recorded at the amounts in the subrecipient Single Audit. Urban Mass Transit Administration expenditures are now recorded based upon the County's disbursements to the subrecipient (Allegheny County Transit Authority).

NOTE 6 - Program Open Space Grants

The two Program Open Space projects included in the Schedule of Federal and Financial Assistance represent Federal Program Open Space projects only. Program Open Space projects that are strictly State funded are not shown. All Program Open Space revenues are shown in the General Purpose Financial Statements as "intergovernmental - state" as the County was not aware of the Federal/State split.

ALLEGANY COUNTY, MARYLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED JUNE 30, 1986

PROGRAM	FINDING	QUESTIONED COSTS
<p>U.S. Department of Housing and Urban Development - Section 8 Funds passed through Maryland Department of Economic and Community Development</p>	<p>The County passed through all of its Section 8 grants to a subrecipient - Allegany County Public Housing Authority ("PHA"). OMB Circular A-128 requires grantees to monitor sub-recipients of Federal funds by requiring sub-recipients to submit Single Audit reports and following-up on findings and questioned costs. Although the County has required PHA to submit a Single Audit, it has not been received by the County as of the date of issuance of this report. However, the County has monitored the selection and contracting of an audit firm to perform the PHA Single Audit.</p>	<p>\$319,270</p>

ALLEGANY COUNTY, MARYLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED JUNE 30, 1986

PROGRAM	FINDING	QUESTIONED COSTS
<p>U.S. Department of Housing and Urban Development - CDBG Funds</p>	<p>The County passed through all of its CDGB Funds to a subrecipient - Allegany County Public Housing Authority ("PHA"). OMB Circular A-128 requires grantees to monitor sub-recipients of Federal funds by requiring sub-recipients to submit Single Audit reports and following-up on findings and questioned costs. Although the County has required PHA to submit a Single Audit, it has not been received by the County as of the date of issuance of this report. However, the County has monitored the selection and contracting of an audit firm to perform the PHA Single Audit.</p>	<p>\$448,279</p>

ALLEGANY COUNTY, MARYLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED JUNE 30, 1986

PROGRAM	FINDING	QUESTIONED COSTS
<p>U.S. Department of Treasury - Revenue Sharing Grant No. 21-1-001-001 Entitlement 16 and 17.</p>	<p>In administering the Federal Revenue Sharing Funds, the County was unaware of and therefore failed to comply with the following requirements:</p> <p>* Publish an "initial notice" that the County does not discriminate on the basis of handicap in employment, admission or access to or treatment in its programs or activities including the name of the employee who coordinates compliance with handicap regulations as required by 31 CFR 51.55(e).</p> <p>* Publicizing in a newspaper of general circulation that the prior audit report is available for public inspection as required by 31 CFR 51.108(a) (b).</p>	<p>\$1,123,283</p>