

**ALLEGANY COUNTY, MARYLAND**  
**SINGLE AUDIT REPORT**  
**JUNE 30, 1987**



DEPARTMENT OF HEALTH & HUMAN SERVICES

REGION III  
3535 MARKET STREET  
PHILADELPHIA, PENNSYLVANIA 19101

TELEPHONE:  
AREA CODE 215  
596-6744-6745

JAN 19 1990

OIG OFFICE OF AUDIT

MAILING ADDRESS:  
P.O. BOX 13716  
PHILADELPHIA,  
PENNSYLVANIA 19101

Our Reference: Common Identification Number A-03-88-06196

Board of Allegany County  
Commissioners  
County Office Building  
3 Pershing Street  
Cumberland, Maryland 21502

REC

JAN 24 1990

DEPT. OF FINANCE  
OF ALLEGANY COUNTY

Dear Sirs:

In accordance with our cognizant agency responsibilities, we have completed our desk review of the single audit report on the County of Allegany, Maryland, for the period July 1, 1986 through June 30, 1987. The audit was performed by Delaney, Turnbull & Associates, P.A., Certified Public Accountants, to meet the Federal audit requirements of the Office of Management and Budget (OMB) Circular A-128. Subject to the results of a possible working paper review, we believe the audit met the Federal requirements of OMB Circular A-128.

The audit did not disclose any material deficiencies. However, your attention is invited to the findings on pages 20 through 21 of the report which relate to other Federal departments' programs. (See Attachment A). Those departments will contact you directly to resolve these findings.

If you have any further information or questions please contact the following Department of Health and Human Services (HHS) official:

Mr. Charles J. Seed  
Director, Division of Audit Resolution  
Office of Grant and Contract Financial  
Management, OF  
Room 513-D HHH Building  
200 Independence Avenue, SW.  
Washington, DC 20201

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There were no findings requiring HHS resolution. The above common identification number should be referenced in all correspondence relating to this report.

Sincerely yours,



G. A. Rafalko  
Regional Inspector General  
for Audit

Enclosure

Attachment A

<u>Finding Code</u>	<u>Page</u>	<u>Amount</u>	<u>Resolution Agency</u>	<u>Findings and Recommendations</u>
N/A	20	-0-	HUD	Audit reports have not been received by the County from its subrecipients.
N/A	21	-0-	Treasury	The County did not publish the prior audit report or the initial notice on non-discrimination as required under the Revenue Sharing regulations.

Abbreviations:

HUD - Department of Housing and Urban Development

Treasury - U.S. Department of the Treasury

**ALLEGANY COUNTY, MARYLAND**  
**SINGLE AUDIT REPORT**

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Edward M. Delaney, CPA

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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, 1987, and have issued our report thereon dated December 16, 1987. 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, 1987, and have issued our report thereon dated December 16, 1987. 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, 1987, and have issued our report thereon dated December 16, 1987. 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.

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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, 1987, 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, 1987, and have issued our report thereon dated December 16, 1987. 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 and Financing
- 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.

*Delaney, 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, 1987, and have issued our report thereon dated December 16, 1987. 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, 1987 Allegany County, Maryland, expended 41.7% 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, PA*

Cumberland, Maryland  
July 15, 1988

ALLEGANY COUNTY, MARYLAND

OVERSIGHT ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS

FOR THE YEAR ENDED JUNE 30, 1987

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1986	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1987
US Dept. of HUD:									
1985 CDBG	14.219	B85-DH-24-0002	N\A	\$300,000	\$0	\$32,077	\$0	\$32,077	\$0
1983 CDBG	14.219	B83-HJ-24-0001	N\A	242,400	0	0	1,708	1,708	0
1982 CDBG	14.219	B82-DH-24-0004	N\A	500,000	24,342	3,751	38	3,789	24,342
1980 CDBG	14.219	A80-DN-24-0100	N\A	1,570,000	42,380	5,720	0	5,720	42,380
CDBG-Project Income	14.219	N/A	N\A	0	34,307	26,964	0	23,964	37,307
Passed through Maryland Dept. of Economic and Community Development:									
Section 8 Mod Rehab	14.156	P-3525	MD06-K020	217,140	627	30,826	0	28,040	3,413
Section 8 Existing	14.156	P-3507	MD06-E020	241,230	1,448	360,003	0	332,920	28,531
					\$103,104	\$459,341	\$1,746	\$428,218	\$135,973
Total US Department of HUD									
US Dept. of Agriculture:									
Soil Conservation Service\ Georges Creek Project									
	N\A	68-3819-6	N\A	168,400	\$0	\$181,643	\$45,411	\$227,054	\$0
Farmers Home Administration\ Industrial Dev. Grant									
Westernport Indust. Park	10.418/ 10.424	N\A	N\A	95,000	(693)	0	0	0	(693)
Passed through Maryland Dept. of Education:									
Temporary Emergency Food Assistance Program									
	10.550	N\A	N\A	N\A	0	10,694	2,970	13,664	0
					(\$693)	\$192,337	\$48,381	\$240,718	(\$693)
Total US Department of Agriculture									

(continued)

ALLEGANY COUNTY, MARYLAND  
OVERSIGHT ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 1987

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1986	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1987
U.S. Dept. of Transportation: Passed through Maryland Dept. of Transportation:									
State Highway Admin. of MD									
H8302 Williams Rd.	20.205	BR-SOS-1(169)	A672-951-612	140,000	(14,885)	9	0	121	(14,997)
H8307 Bridge Invent.	20.205	BR-NBIS-(038)	A706-951-612	101,000	(1,203)	2,819	0	1,410	206
Mexico Farms Bridge	20.205	BR-SOS-1(236)	A708-951-612	325,600	68,451	0	0	12,591	55,860
Urban Mass Trans. Admin.\ Mass Transit Admin.									
Operating Assist(FY86)	20.507	MD-90-4022	MD-90-4022	220,000	0	216,521	26,389	242,910	0
Operating Assist(FY87)	20.507	MD-90-4031	MD-90-4031	185,749	0	0	161,000	161,000	0
Operating Assist(FY87)	20.507	MD-18-4002	MD-18-4002	34,452	0	0	0	.0	0
Capital Assist (FY87)	20.507	MD-90-0022	MD-90-0022	24,000	0	0	0	0	0
55 Speed Enforcement	20.600	87-009	87-009	16,000	0	3,825	0	3,825	0
Unified Planning Work Prog	20.600	MD-08-8008	AW086-298-046	18,700	0	11,000	2,000	13,000	0
Total US Department of Transportation					\$52,363	\$234,174	\$189,389	\$434,857	\$41,069
US Dept. of the Treasury: Revenue Sharing:									
Entitlement 17	21.300	21-1-001-001	N\A	1,029,686	\$0	\$186,782	\$0	\$186,782	\$0
Entitlement 17	21.300	21-1-001-001	N\A	18,450	0	18,450	0	0	18,450
					\$0	\$205,232	\$0	\$186,782	\$18,450

(continued)



ALLEGANY COUNTY, MARYLAND

OVERSIGHT ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 1987

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1986	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1987
Federal Emergency Management Agency:									
Passed through Maryland Emergency and Civil Defense Agency:									
Civil Defense	83.516	MD-280	MD-280	N/A	\$0	\$17,854	\$35,242	\$53,096	\$0
US Department of Interior:									
Appalachian Regional Commission:									
ARC 302	23.011	83.115	N/A	300,000	0	0	0	0	0
ARC 207, FY1986	23.011	376-85E	N/A	12,000	0	0	0	0	0
ARC 207, FY1985	23.011	376-85E	N/A	28,746	0	0	0	0	0
Industrial Development Grant\									
Westernport Indust. Park	23.002	N/A	N/A	244,000	(20,228)	0	0	365	(20,593)
Downtown Westernport									
Revitalization Project	23.011	83-92 MD-8390-82-Y1	N/A	480,000	0	5,000	10,335	15,335	0
Passed through State Highway Administration of Maryland:									
H8312 MF Access Road (ARC)	20.205	ALR-23-008	APL-5000	395,429	28,317	89,199	0	111,454	6,062
Passed through Maryland Department of Natural Resources:									
Land and Water Conservation:									
Program Open Space:									
Alleg High School Track	15.916	N/A	1674-1-69	76,521	0	12,933	58,494	71,427	0
Allegany Co. Fairgrounds	15.916	N/A	2196-1-81	64,096	653	64,096	137,868	212,500	(9,883)
Total US Department of Interior					\$8,742	\$171,228	\$206,697	\$411,081	(\$24,414)

(continued)

ALLEGANY COUNTY, MARYLAND  
OVERSIGHT\_ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 1987

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1986	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1987	
US Department of Commerce:										
Economic Development Administration:										
Mexico Farms Phase II Development:										
MF Access Road	11.300	01-01-2590	N\A	2,973	(\$2,973)	\$2,973	\$0	\$0	\$0	
Sewer Treatment Plant	11.300	01-01-2590	N\A	5,106	7,590	5,106	(3,256)	9,440	0	
MF Utilities (Superfos)	11.300	01-01-2590	N\A	47,749	(6,706)	47,749	(39,419)	1,624	0	
MF Railroad Right-of-Way	11.300	01-01-2590	N\A	12,708	0	12,708	(12,708)	0	0	
Phase II Development	11.300	01-01-2590	N\A	15,543	(8,324)	15,542	(5,096)	0	2,122	
				Sub-total	84,079	(10,413)	84,078	(60,479)	11,064	2,122
Mexico Farms Rail Siding	11.300	01-01-01546.01	N\A	0	45,358	(42,466)	(2,892)	0	\$0	
Total US Department of Commerce					34,945	41,612	(63,371)	11,064	2,122	
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	59,700	(19,909)	60,039	27,416	67,546	\$0	
Total Federal Financial Assistance Programs					\$178,552	\$1,381,817	\$445,500	\$1,833,362	\$172,507	

## ALLEGANY COUNTY, MARYLAND

### NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS JUNE 30, 1987

**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 1987 expenditures in excess of \$300,000 and cover 41.7% of total federal financial assistance program expenditures:

<u>Grant Description</u>	<u>CFDA Number</u>	<u>Fiscal Year 1987 Expenditures</u>
Section 8 Housing Funds	14.156	\$ 360,960
Urban Mass Transit Administration Grants	20.507	<u>403,910</u>
TOTAL		<u>\$ 764,870</u>

Compliance testing of specific requirements was also performed on federal transactions tested during the audit of the general purpose financial statements that relate to a Federal financial assistance program.

**Note 2 - Cognizant Audit Agency**

The United States Department of Health and Human Services has been designated cognizant audit agency for the Single Audit.

# ALLEGANY COUNTY, MARYLAND

## NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS (Continued) JUNE 30, 1987

### Note 3 - Fiscal Period Audited

Single audit testing procedures were performed for program transactions occurring during the period July 1, 1986 to June 30, 1987.

### Note 4 - 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 1987. This schedule has been prepared on the modified accrual basis of accounting in accordance with generally accepted accounting principles and to facilitate comparability to the County's general purpose financial statements prepared on the same basis of accounting.

The accompanying Schedule of Federal Financial Assistance includes all financial activity of Allegany County Component Unit only. The General Purpose Financial Statements for the Allegany County Reporting Entity include the following component units in accordance with National Council on Government Accounting ("NCGA") Statement 3 who are responsible for administering their own Federal programs and submitting their own Single Audit reports.

- Allegany County Board of Education
- Allegany County Sanitary Commission
- Allegany County Library System
- Allegany County Transit Authority
- Allegany Community College
- LaVale Sanitary Commission

# ALLEGANY COUNTY, MARYLAND

## NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS (Continued) JUNE 30, 1987

### Note 4 - Summary of Significant Accounting Policies - (continued)

#### 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, 1986 and June 30, 1987, 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.

#### 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 5 - 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, 1987, the County had revenues from the two programs of \$459,341 and expenditures of \$428,218. The County has requested that the PHA contract for a single audit and submit the completed reports to the County as soon as they are completed.

# ALLEGANY COUNTY, MARYLAND

## NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS (Continued) JUNE 30, 1987

### Note 5 - Findings of Noncompliance - (continued)

As PHA was directly receiving some Community Development Block Grant ("CDBG") and Section 8 funds without these funds passing through the County, some CDBG and Section 8 funds were not recorded on the County's General Purpose Financial Statements. Therefore, with respect to CDBG and Section 8 funds, the accompanying Schedule of Financial Federal Assistance will not agree to the General Purpose Financial Statements.

### Note 6 - Status of 1986 Finding and Questioned Cost

The 1986 finding of noncompliance and related questioned cost on the Mexico Farms Access Road Project funded by ARC has been resolved through the issuance of an Amended 1986 Single Audit Report on July 15, 1988. However, this report contains new findings and questioned costs of conditions which became known during the 1987 Single Audit. These 1986 findings relate to the same problem areas in this 1987 single Audit of monitoring subrecipients of Section 8 and CDBG funds. The County plans to issue a second Amended 1986 Single Audit Report as soon as subrecipient Single Audits are received.

### Note 7 - Beginning Balances

The beginning balances as of July 1, 1986 in the accompanying 1987 Schedule of Federal Financial Assistance reflect the adjustments made in the amended 1986 Single Audit report referred to above, with the exception of the following projects funded by Economic Development Administration ("EDA"):

#### Mexico Farms Phase II Development:

Access Road	(2,973)
Sewer Treatment Plant	7,590
Utilities	(6,706)
Phase II Development	(8,324)

# ALLEGANY COUNTY, MARYLAND

## NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS (Continued) JUNE 30, 1987

### Note 7 - Beginning Balances - (continued)

These beginning balances do not agree with the 1986 amended Schedule of Federal Financial Assistance as a result of the following: These projects were being conducted by the County as non-federal projects for some time. During 1987, the County entered into a Grant of Convenience with EDA whereby certain grant agreements would be terminated in exchange for EDA agreeing to pay for certain expenditures related to the Mexico Farm Phase II Development project. As this agreement changed the nature of these projects from non-federal projects to federal projects, they were added to the 1987 Schedule of Federal Financial Assistance.

### Note 8 - Program Open Space Grants

The two Program Open Space ("POS") projects included in the Schedule of Federal Financial Assistance represent Federal POS projects only. POS projects that are strictly state funded are not shown. All POS 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, 1987

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>\$360,960</p>



ALLEGANY COUNTY, MARYLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED JUNE 30, 1987

PROGRAM	FINDING	QUESTIONED COSTS
<p>U.S. Department of Housing and Urban Development - CDBG Funds</p>	<p>The County passed through all of its CDBG Funds to a subrecipient- Allegany County Public Housing Authority ("PHA"). OMB Circular A-128 requires grantees to monitor subrecipients of Federal funds by requiring subrecipients 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>\$ 67,258</p>

ALLEGANY COUNTY, MARYLAND

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR YEAR ENDED JUNE 30, 1987

PROGRAM	FINDING	QUESTIONED COSTS
<p>U.S. Department of the Treasury - Revenue Sharing Grant No. 21-1-001-001 Entitlement 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 coordinated compliance with handicap regulations as required by 31 CFR 51.55(e).</p> <p>* Publicize 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>\$205,232</p>