

ALLEGANY COUNTY, MARYLAND

SINGLE AUDIT REPORT

JUNE 30, 1990

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**DEPT. OF FINANCE
OF ALLEGANY COUNTY**

ALLEGANY COUNTY, MARYLAND
SINGLE AUDIT REPORT
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Independent Auditor's Report on Schedule
of Federal Financial Assistance

Board of Allegany County Commissioners
701 Kelly Road, Suite 214
Cumberland, Maryland 21502

We have audited the general purpose financial statements of Allegany County, Maryland for the year ended June 30, 1990, and have issued our report thereon dated February 15, 1991. These general purpose financial statements are the responsibility of Allegany County, Maryland's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of Allegany County, Maryland 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 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.

Delaney, Turnbull + Associates, P.A.

February 15, 1991

Member

American Institute of
Certified Public Accountants

Maryland Association
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Independent Auditor's Report on Internal
Controls (Accounting and Administrative)
- Based on a Study and Evaluation Made as
a Part of an Audit of the General Purpose
Financial Statements and the Additional
Tests Required By the Single Audit Act

Board of Allegany County Commissioners
701 Kelly Road, Suite 214
Cumberland, Maryland 21502

We have audited the general purpose financial statements of Allegany County, Maryland, for the year ended June 30, 1990, and have issued our report thereon dated February 15, 1991. As part of our audit, 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, Government Auditing Standards, issued by the Comptroller General of the United States, 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:

Accounting Controls

Personal Service Expenditures
Other Than Personal Service Expenditures
Revenue

General Requirements

Political activity
Davis-Bacon Act
Civil rights
Cash management
Relocation assistance and real property acquisition
Federal financial reports

Specific Requirements

Types of services
Eligibility
Reporting
Cost allocation
Special requirements, if any
Monitoring subrecipients

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, 1990 Allegany County, Maryland, expended 90.6% 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 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 systems 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 audit, 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 audit 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 the Board of Allegany County Commissioners, is a matter of public record.

Delaney, Turnbull + Associates, P.A.

February 15, 1991

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Allegany County Commissioners
701 Kelly Road, Suite 214
Cumberland, Maryland 21502

We have applied procedures to test Allegany County, Maryland's compliance with the following requirements applicable to each of its major federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended June 30, 1990: political activity, Davis-Bacon Act, civil rights, cash management, relocation assistance and real property management, and federal financial reports.

Our procedures were limited to those set forth in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Allegany County, Maryland's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Allegany County, Maryland had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information of the Board of Commissioners of Allegany County, management, and the United States Department of Health and Human Services. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Board of Allegany County Commissioners, is a matter of public record.

Delaney, Turnbull + Associates, P.A.

February 15, 1991

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Allegany County Commissioners
701 Kelly Road, Suite 214
Cumberland, Maryland 21502

We have audited Allegany County, Maryland's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended June 30, 1990. The management of Allegany County, Maryland is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings and questioned costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Allegany County, Maryland complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1990.

Delaney, Turnbull & Associates, P.A.

February 15, 1991

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**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL STRUCTURE**

Board of Allegany County Commissioners
701 Kelly Road, Suite 214
Cumberland, Maryland 21502

We have audited the general purpose financial statements of Allegany County, Maryland for the year ended June 30, 1989, and have issued our report thereon dated February 15, 1991.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of Allegany County, Maryland for the year ended June 30, 1990, we considered its internal control structure 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 structure.

The management of Allegany County, Maryland is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure 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 internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Personal Service Expenditures
Other Than Personal Service Expenditures
Revenue

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted the following matter involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

ACCOUNTING SYSTEM DESIGN AND STRUCTURE

The County does not maintain its books of account in accordance with the account structure prescribed by the State of Maryland - Department of Fiscal Services or the Governmental Accounting Standards Board (GASB). One of the basic criteria of an accounting system is to facilitate with preparation of financial statements in accordance with generally accepted accounting principles. The existing account structure makes the preparation of financial statements unduly time consuming and complicated.

Since the State of Maryland requires the County to complete and submit a Uniform Financial Report in accordance with the State's account structure, it is our recommendation for the County to restructure its financial accounting system to be in accordance with the accounts structure prescribed by the State of Maryland.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we believe to be material weaknesses.

ACCOUNTING AND RECORD KEEPING FOR GENERAL FIXED ASSETS

We have previously recommended that the County begin to develop general fixed asset records. During fiscal year 1989 the County began the process of calculating and recording the fixed assets. We recommend this process be completed as soon as possible

Records of general fixed assets are required by generally accepted accounting principles. The County has not maintained general fixed asset records. As a result, the County's audit opinion has historically been qualified with respect to general fixed assets. Such records would also be useful in improving controls over the use and disposition of the County's fixed assets as well as to provide useful information in accessing the County's insurance requirements.

TAX OFFICE INTEGRATION

While the County has automated a substantial part of its accounting records in the finance office, a substantial part of the accounting records at the tax office have not been automated. Although the detailed property tax accounts have been automated at the tax office, a substantial part of the transactions processed at the tax office are not automated. Some transactions are not recorded in the County's general ledger system at all except through year-end adjusting entries.

The County should undertake a study and evaluation of all the different types of transactions executed at the tax office and integrate these transactions into the County's existing financial accounting system. This integration will not only increase controls over these transactions but also increase overall efficiency. For example, all the real and personal property taxes collected by the County tax office for the State of Maryland and the various special taxing districts and municipalities are never recorded on the County's books of account. In this regard, property taxes collected for these outside entities are remitted to them by manually handwritten check to each entity each month. This process could be made more efficient by having these checks computer-prepared in the same manner that the County's disbursements are computer-prepared.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of Allegany County, Maryland in a separate letter dated February 15, 1991.

This report is intended solely for the information and use of the Board of Commissioners of Allegany County, management, and others within the administration. This restriction is not intended to limit distribution of this report which, upon acceptance by the Board of Allegany County Commissioners, is a matter of public record.

Delaney, Turnbull & Associates, P.A.

February 15, 1991

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**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH LAWS AND REGULATIONS**

Board of Allegany County Commissioners
701 Kelly Road, Suite 214
Cumberland, Maryland 21502

We have audited the general purpose financial statements of Allegany County, Maryland as of and for the year ended June 30, 1990, and have issued our report thereon dated February 15, 1991.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulation, contracts, and grants applicable to Allegany County, Maryland is the responsibility of Allegany County, Maryland's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Allegany County, Maryland's compliance with certain provisions of laws, regulations contracts, and grants. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, Allegany County, Maryland complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Allegany, County, Maryland had not complied, in all material respects, with those provisions.

This report is intended for the information of the Board of Commissioners of Allegany County, management, and the United States Department of Health and Human Services. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Delaney, Turnbull + Associates, P.A.

February 15, 1991

ALLEGANY COUNTY, MARYLAND

OVERSIGHT ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS

FOR THE YEAR ENDED JUNE 30, 1990

<u>FEDERAL GRANTOR/AGENCY PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL GRANT NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>PROGRAM/ AWARD AMOUNT</u>	<u>BEGINNING BALANCE AT JULY 1, 1989</u>	<u>REVENUES</u>	<u>OTHER FINANCING SOURCES/USES</u>	<u>EXPENDITURES</u>	<u>ENDING BALANCE AT JUNE 30, 1990</u>
<u>US Dept. of Agriculture:</u>									
\Farmers Home Administration:									
Pekin/Moscow Water Project									
FHA Grant	10.418	N/A	N/A	770,600	(\$395)	\$0	\$0	\$0	(\$395)
FHA Loan	10.418	N/A	N/A	45,000	0	0		0	0
\Food and Nutrition Service:									
Pass through Maryland Dept. of									
Health and Mental Hygiene:									
Summer Camp Program	10.559	N/A	MR 248 MRS	9,011	0	9,096	0	9,096	0
Passed through Maryland Dept.									
of Education:									
Temporary Emergency Food									
Assistance Program	10.568	N/A	N/A	N/A	0	18,117	0	18,117	0
Total US Department of Agriculture					(\$395)	\$27,213	\$0	\$27,213	(\$395)
<u>US Department of Commerce:</u>									
\Economic Development Administration:									
Passed through Tri-County Council									
Business Incubator Program	11.307	01-19-02884	01-19-02884	648,750	(16,890)	0	0	0	(16,890)
Total US Department of Commerce					(\$16,890)	\$0	\$0	\$0	(\$16,890)
<u>US Department of Health and Human Services:</u>									
\Health Care Financing Administration									
Pass through Maryland Dept. of									
Health & Mental Hygiene:									
Medicaid; Nursing Home Care	13.714	N/A	N/A	N/A	\$0	\$3,554,780	\$291,315	\$3,846,095	\$0
\Family Support Administration:									
Pass through Maryland Dept. of									
Human Resources:									
Child Support Enforcement	13.783	N/A	CSEA/CR-07/90	145,939	0	69,848	38,839	108,687	0
Masters Program	13.783	N/A	CSEA/CR-07/90	70,837	0	27,423	17,720	45,143	0
Total US Department of Health and Human Services					\$0	\$3,652,051	\$347,874	\$3,999,925	\$0

(continued)

OVERSIGHT ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1990

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1989	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1990
<u>US Dept. of Housing and Urban Development</u>									
\Community Planning and Development									
1985 Small Cities Block Grant	14.219	B85-DH-24-0002	N/A	\$300,000	\$0	\$64,912	\$9,893	\$74,805	\$0
CDBG Project Income - Housing	14.219	N/A	N/A	0	296,488	7,839	31,611	0	335,938
CDBG Project Income - Economic Opportunity	14.219	N/A	N/A	0	93,190	51,135	27,670	413,242	(241,247)
Passed through Maryland Dept. of Economic and Community Development:									
Section 8 Mod Rehab	14.156	P-3525	MD06-K020	217,140	2,903	27,967	0	28,251	2,619
Section 8 Mod Rehab Admin	14.156	P-3525	MD06-K020		0	2,832	0	2,832	0
Section 8 Existing	14.156	P-3507	MD06-E020	241,230	36,714	342,505	0	345,205	34,014
Section 8 Existing Admin	14.156	P-3507	MD06-E020		0	35,791	0	35,791	0
Small Cities CDBG - Celanese									
Sewage Treatment Plant Rehab	14.228	N/A	MD-87-ARC-2	990,000	610,000	873,267	400	1,261,147	222,520
Bayliner Project	14.228	N/A	MD-87-ED-36	400,000	0	0	0	0	0
Lonaconing Rehab Project	14.228	N/A	MD-89-CD-01	168,040	0	6,455	0	6,455	0
Frostburg Industrial Park Expansion	14.228	N/A	MD-89-ED-39	300,000	0	0	0	0	0
Allegany Manor Water Project	14.228	N/A	MD-89-ED-40	162,500	0	13,103	0	17,848	(4,745)
Emergency Shelter Grant Program	14.231	N/A	ESG-BOS-1	22,045	0	16,453	0	16,453	0
Total US Department of HUD					\$1,039,295	\$1,442,259	\$69,574	\$2,202,029	\$349,099
<u>US Department of Justice:</u>									
\Office of Justice Programs:									
Passed through MD. Governor's Office of Justice Assistance									
Allegany Co Narcotics Task Force	16.579-80	N/A	N/A	N/A	\$0	\$12,047	\$20,292	\$32,339	\$0
<u>US Department of Labor:</u>									
Passed through the Western Md Consortium									
Job Training Partnership Act	17.246-50	N/A	89-A09549	2,736	\$0	\$577	\$0	\$577	\$0
Job Training Partnership Act	17.246-50	N/A	90-A09528	7,872	0	7,872	0	7,872	0
Job Training Partnership Act	17.246-50	N/A	90-90AUA503	2,304	0	2,304	0	2,304	0
Total US Department of Labor					\$0	\$10,753	\$0	\$10,753	\$0

(continued)

ALLEGANY COUNTY, MARYLAND

OVERSIGHT-ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1990

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1989	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1990
<u>US Dept. of Transportation:</u>									
Federal Highway Administration									
Passed through Maryland Department of Transportation									
Mexico Farms Bridge Project	20.205	BH-M-7514 (1)	A708-951-612	\$280,000	\$0	\$110,424	\$71,400	\$141,265	\$40,559
Urban Mass Trans. Admin:									
Passed through Maryland Department of Transportation									
Capital Assistance	20.500	MD-90-0018	MD-90-0018	453,000	0	0	0	0	0
Capital Assistance	20.500	MD-90-0022	MD-90-0022	24,000	0	183	0	183	0
Capital Assistance	20.500	MD-90-0031	MD-90-0031	24,000	0	0	0	0	0
Capital Assistance	20.500	MD-90-0034	MD-90-0034	248,000	0	39,035	0	39,035	0
Capital Assistance	20.500	MD-90-0039	MD-90-0039	202,904	0	3,799	0	3,799	0
Capital Assistance (FY90)	20.500	MD-90-0043	MD-90-0043	132,008	0	0	0	0	0
Operating Assistance (FY89)	20.507	MD-90-4039	MD-90-4039	287,973	0	215,296	0	215,296	0
Operating Assistance (FY90)	20.507	MD-90-4043	MD-90-4043	240,000	0	0	0	0	0
Operating Assistance (FY89)	20.509	MD-18-4005	MD-18-4005	16,601	0	16,601	0	16,601	0
Operating Assistance (FY90)	20.509	MD-18-4007	MD-18-4007	11,772	0	10,595	0	10,595	0
National Highway Traffic Safety Admin:									
Passed through Maryland Department of Transportation									
55 Speed Enforcement	20.600	N/A	87009	16,000	0	0	0	0	0
Urban Mass Trans. Admin. & Federal Highway Administration									
Passed through Maryland Department of Transportation									
Unified Planning Work Program 89	20.505	AW086-298-046	MD-08-8011	30,000	0	24,977	0	24,977	0
Unified Planning Work Program 88	20.505	AW086-298-046	MD-08-8009	36,800	0	0	0	0	0
Total US Department of Transportation					<u>\$0</u>	<u>\$420,910</u>	<u>\$71,400</u>	<u>\$451,751</u>	<u>\$40,559</u>

(continued)

OVERSIGHT-ENTITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 1990

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL GRANT NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROGRAM/ AWARD AMOUNT	BEGINNING BALANCE AT JULY 1, 1989	REVENUES	OTHER FINANCING SOURCES/USES	EXPENDITURES	ENDING BALANCE AT JUNE 30, 1990
<u>Appalachian Regional Commission:</u>									
ARC 302 Project Income Downtown Westport Revitalization Project	23.011	83.115	N/A	300,000	\$232,602	\$19,946	\$0	\$25,208	\$227,340
Passed through Md. Dept. of Housing and Community Development:									
ARC 207 Technical Assistance	23.005	N/A	C001619Y	N/A	0	12,500	0	12,500	0
Total Appalachian Regional Commission					<u>\$232,602</u>	<u>\$32,446</u>	<u>\$0</u>	<u>\$37,708</u>	<u>\$227,340</u>
<u>Environmental Protection Agency</u>									
Office of Water, Environmental Protection Agency									
Georges Creek Step 3	66.418	C-240382-03	N/A	14,065,000	\$0	\$0	\$0	\$0	\$0
Oldtown Sewage Project	66.418	C-240384-03	N/A	601,270	0	0	0	0	0
Valley Road/Bowmans Addition Sewage Project	66.418	C-240596-03	N/A	1,292,470	0	0	0	0	0
Flintstone Sewage Project	66.418	C-240383-01	N/A	12,000	0	0	0	0	0
Flintstone Sewage Project	66.418	C-240383-02	N/A	19,993	0	0	0	0	0
Flintstone Sewage Project	66.418	C-240383-03	N/A	771,300	0	0	0	0	0
Passed through Md Dept of the Environment									
Bowling Green/Cresaptown Waste Water Treatment Project	66.418	C-240729-03	MD-88-08-31-0646	1,333,750	(97,541)	862,200	762,048	1,552,270	(25,563)
Total Environmental Protection Agency					<u>(97,541)</u>	<u>\$862,200</u>	<u>\$762,048</u>	<u>\$1,552,270</u>	<u>(\$25,563)</u>
<u>Federal Emergency Management Agency:</u>									
State and Local Programs Support Passed through Maryland Emergency and Civil Defense Agency:									
Civil Defense FY 1989	83.503	MD-280	MD-280	N/A	(8,548)	8,548	0	0	0
Civil Defense FY 1990	83.503	MD-280	MD-280	N/A	0	41,970	17,984	59,954	0
Total Federal Emergency Management Agency					<u>(\$8,548)</u>	<u>\$50,518</u>	<u>\$17,984</u>	<u>\$59,954</u>	<u>\$0</u>
Total Federal Financial Assistance Programs					<u>\$1,148,523</u>	<u>\$6,510,397</u>	<u>\$1,289,172</u>	<u>\$8,373,942</u>	<u>\$574,150</u>

**ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE PROGRAMS
JUNE 30, 1990**

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 the 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 on the following programs. These programs represent all federal financial assistance programs with fiscal year 1990 expenditures in excess of \$300,000 and cover 90.6% of total federal financial assistance program expenditures:

<u>Grant Description</u>	<u>CFDA Number</u>	<u>Fiscal Year 1990 Expenditures</u>
Medicaid	13.714	\$ 3,846,095
Section 8 Housing Funds	14.156	412,079
CDBG Small Cities Program	14.219	488,047
CDBG States Program	14.228	1,285,450
Construction Grant for Wastewater Treatment Works	66.418	<u>1,552,270</u>
Total		<u>\$ 7,583,941</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 major federal financial assistance programs. Compliance testing of specific requirements was not performed on nonmajor program transactions since no such transactions were selected during the audit of the general purpose financial statements.

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, 1990

Note 3 - Fiscal Period Audited

Single audit testing procedures were performed for program transactions occurring during the period July 1, 1989 to June 30, 1990.

Note 4 - 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 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, if necessary.

- Allegany County Board of Education
- 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, 1990

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, 1989 and June 30, 1990, 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, 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.

**ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1990**

PROGRAM	FINDING	QUESTIONED COST
U.S. Department of Housing and Urban Development - CDBG Funds.	The County is required to file a Minority Business Enterprise Report semi-annually. Both of the semi-annual reports were not filed by the County since there was no activity for that period. However, discussions with HUD indicate that a report is required even if there is no activity. We recommend the County file the Minority Business Enterprise Report indicating there was no activity.	None

Allegany County's Response:

The required reports will be filed with the Baltimore Office of the U.S. Department of Housing and Urban Development no later than September 30, 1991. as indicated, these will be "no activity" reports.

**ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1990**

PROGRAM	FINDING	QUESTIONED COST
<p>U.S. Department of Housing and Urban Development - Section 8 Funds passed through Maryland Department of Economic and Community Development.</p>	<p>Of twenty-five expenditures selected for examination, one instance was noted wherein a tenant file could not be located after the department moved its entire operation to a new location. Therefore no single audit testing procedures could be extended to this expenditure. As the tenant is now deceased, subsequent documentation of this file is impossible. We recommend the County implement procedures to ensure all nonactive tenant files are maintained for the time period required by HUD regulations.</p>	<p style="text-align: center;">\$ 1,434</p>

Allegany County's Response:

The file in question did and does exist. However, due to the delay in accomplishing the audit, the file had been placed in our inactive file section. During the County's office move we were required to move inactive files to a new location. Initially three files were missing; two were located, but after two attempts the third file referenced here was not located in the new Pershing Street deadfile. This office will continue efforts to locate the tenant file as time permits in the coming year.

**ALLEGANY COUNTY, MARYLAND
STATUS OF 1989 FINDINGS
FOR THE YEAR ENDED JUNE 30, 1990**

PROGRAM	FINDING	STATUS
<p>U.S. Department of Housing and Urban Development - Section 8 Funds passed through Maryland Department of Economic and Community Development.</p>	<p>Of twenty-five expenditures selected for examination, one instance was noted wherein a tenant file could not be located. Therefore no single audit testing procedures could be extended to this expenditure. We recommend that the County take the necessary steps (i.e. initial interview, initial inspection, income verification) to document this tenants file.</p>	<p>Allegany County has taken the steps necessary to document the missing tenant file.</p>

**ALLEGANY COUNTY, MARYLAND
STATUS OF 1989 FINDINGS
FOR THE YEAR ENDED JUNE 30, 1990**

PROGRAM	FINDING	STATUS
<p>U.S. Department of Housing and Urban Development - Section 8 Funds passed through Maryland Department of Economic and Community Development.</p>	<p>Form 50059 is required to be filed annually within 180 days of the end of the tenants' contract. Of twenty-five expenditures selected for examination, one instance was noted wherein the Form 50059 was not in agreement with either the supporting worksheets or the check disbursements. Form 50059 indicates the landlord should receive \$217. The supporting worksheets and the monthly check disbursements indicate the landlord receiving \$210 and the tenant receiving a \$7 utility reimbursement. We recommend the County correct Form 50059 to reflect the amounts on the worksheets and check disbursements.</p>	<p>Allegany County has corrected the form 50059 in question to reflect the proper amounts.</p>

**ALLEGANY COUNTY, MARYLAND
STATUS OF 1989 FINDINGS
FOR THE YEAR ENDED JUNE 30, 1990**

PROGRAM	FINDING	STATUS
<p>U.S. Department of Housing and Urban Development - CDBG Funds.</p>	<p>Prior to 1988, Allegany County Public Housing Authority was a subrecipient of Allegany County, Maryland's CDBG funds. The 1985, 1986, 1987 and 1988 Public Housing Authority's Single Audit Reports received by the County in September, 1989 contained an undetermined question cost because the CDBG funds were commingled with other PHA funds in a checking account for which there were no books of account maintained and no internal controls administered. To date, the questioned cost has not been determined and the finding remains open at this time. We recommend the County continue its efforts to have the PHA finding resolved.</p>	<p>Through a lengthy documentation process, this finding has been cleared by the U.S. Department of Housing and Urban Development</p>

**ALLEGANY COUNTY, MARYLAND
STATUS OF 1989 FINDINGS
FOR THE YEAR ENDED JUNE 30, 1990**

PROGRAM	FINDING	STATUS
<p>U.S. Department of Housing and Urban Development - CDBG Funds.</p>	<p>The County is required to file a Minority Business Enterprise Report semi-annually. One of the semi-annual reports was not filed by the County since there was no activity for that period. However, discussions with HUD indicate that a report is required even if there is no activity. We recommend the County file the Minority Business Enterprise Report indicating there was no activity.</p>	<p>At this time, this Minority Business Enterprise Report remains unfiled. This finding remains open.</p>

**ALLEGANY COUNTY, MARYLAND
STATUS OF 1985 FINDINGS
FOR THE YEAR ENDED JUNE 30, 1990**

PROGRAM	FINDING	STATUS
<p>U.S. Department of Health and Human Services Medicaid Program passed through Maryland Department of Health and Mental Hygiene.</p>	<p>As required by 42 CFR 405 (subpart J and K) and 42 CFR (subpart F) the County's nursing home is required to meet health and safety standards. The County's nursing home could not locate its license to operate issued by the State of Maryland Department of Health and Mental Hygiene. We recommend the County's nursing home implement procedures to ensure the license can be easily located in the future.</p>	<p>Subsequent to this finding, Allegany County has implemented procedures to ensure that the operating license issued by the State of Maryland can be easily located and securely stored.</p>

**ALLEGANY COUNTY, MARYLAND
STATUS OF 1985 FINDINGS
FOR THE YEAR ENDED JUNE 30, 1990**

PROGRAM	FINDING	STATUS
<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> <ul style="list-style-type: none"> • 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). • 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>We recommend the County comply with the aforementioned requirements should the Federal Revenue Sharing program be reinstated and the County is a recipient of such funds.</p>	<p>Allegany County has indicated that it will comply with Federal Revenue Sharing Fund requirements if the Federal Revenue Sharing program is reinstated.</p>