

LEE COUNTY

NORTH CAROLINA

Committed Today for a Better Tomorrow

Compliance Letters

**Lee County
North Carolina**

**For the Fiscal Year Ended
June 30, 2013**

Through vision and leadership, setting the standard for professional local government.

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**LEE COUNTY, NORTH CAROLINA
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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

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

Independent Auditor's Report

To the Board of County Commissioners
Lee County
Sanford, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lee County, North Carolina, as of and for the year ended June 30, 2013, not presented here, and the related notes to the financial statements, which collectively comprise Lee County's basic financial statements, and have issued our report thereon dated October 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lee County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lee County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lee County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 31, 2013

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; And Report On The Schedule Of Expenditures Of Federal And State Awards Required By OMB Circular A-133; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Lee County
Sanford, North Carolina

Report On Compliance for Each Major Federal Program

We have audited Lee County, North Carolina's, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Lee County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lee County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lee County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lee County's compliance.

Opinion On Each Major Federal Program

In our opinion, Lee County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report On Internal Control Over Compliance

Management of Lee County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lee County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report On Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lee County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lee County's basic financial statements. We issued our report thereon dated October 31, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lee County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of

management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In in our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 31, 2013

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; And Report On The Schedule Of Expenditures Of Federal And State Awards Required By OMB Circular A-133; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Lee County
Sanford, North Carolina

Report On Compliance for Each Major State Program

We have audited Lee County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Lee County's major State programs for the year ended June 30, 2013. Lee County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lee County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Lee County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of Lee County's compliance.

Opinion On Each Major State Program

In our opinion, Lee County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2013.

Report On Internal Control Over Compliance

Management of Lee County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lee County's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report On Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lee County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lee County's basic financial statements. We issued our report thereon dated October 31, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lee County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of

management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In in our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 31, 2013

LEE COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of major federal programs:

Federal Program/Cluster Name	CFDA Number
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Medicaid Cluster	93.778, 93.777, 93.775, 93.720
Dollar threshold used to distinguish between Type A and Type B Programs?	<u>\$1,633,608</u>
Auditee qualified as low-risk auditee?	No

LEE COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

I. Summary of Auditor's Results (continued):

State Awards

Internal control over major State programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major State programs:

Program Name

Medicaid Cluster
Public School Building Capital Fund

II. Financial Statement Findings

None reported

III. Federal Award Findings and Questioned Costs

None reported

IV. State Award Findings and Questioned Costs

None reported

LEE COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

None reported

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2013

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
<u>FEDERAL GRANTS</u>					
U.S. Department of Agriculture					
Food and Nutrition Service					
Passed through N. C. Department of Health and Human Services					
Division of Public Health					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		\$ 327,697	\$ -	\$ -
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		2,252,862	-	-
Passed through N.C. Department of Health and Human Services					
Division of Social Services					
Administration:					
Supplemental Nutrition Assist. Program Cluster: State Administrative Matching Grants for Supplemental Nutrition Assist. Program	10.561		435,416	-	429,073
Passed through Triangle J Council of Governments:					
Nutrition Services Incentive	10.570		13,929	-	-
Total US Department of Agriculture			<u>3,029,904</u>	<u>-</u>	<u>429,073</u>
Institute of Museum and Library Services					
Passed through N.C. Department of Cultural Resources					
Grant to States (NC Cardinal Project)	45.310		9,861	-	-
Total Institute of Museum and Library Services			<u>9,861</u>	<u>-</u>	<u>-</u>
U.S. Department of Commerce					
Economic Development Administration					
Direct Program					
Economic Development Cluster: Investments for Public Works and Economic Development Facilities	11.300		155,373	-	-
Total U.S. Department of Commerce			<u>155,373</u>	<u>-</u>	<u>-</u>

(Continued)

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
<u>FEDERAL GRANTS (Continued)</u>					
U.S. Department of Health and Human Services					
Centers for Disease Control and Prevention					
Passed through N. C. Department of Health and Human Services					
Division of Public Health					
Public Health Emergency Preparedness	93.069		45,826	-	-
Prevention Investigations and Technical Assistance	93.283		5,194	-	-
Comprehensive Breast and Cervical Cancer Early Detection Program	93.919		6,455	1,275	-
Statewide Health Promotion Program	93.991		9,640	-	-
Immunization Program/Aid to County Funding	93.268		17,485	-	-
Health Resources and Service Administration					
Passed through N. C. Department of Health and Human Services					
Division of Public Health					
Maternal and Child Health Services Block Grant	93.994		69,334	52,007	-
Office of Population Affairs					
Passed through N. C. Department of Health and Human Services					
Office of Population Affairs					
Family Planning Services	93.217		43,067	-	-
Administration for Children and Families					
Passed through N.C. State Board of Elections					
Voting Access for Individuals with Disabilities	93.617		16,944	-	-
Passed through N.C. Department of Health and Human Services					
Division of Social Services					
Foster Care and Adoption Cluster:					
Title IV-E Foster Care-Administration	93.658		159,564	24,976	132,232
Title IV-E Optional Adoption Training	93.659		4,169	-	3,581
Foster Care - Direct Benefit Payments	93.658		44,902	11,007	12,669
Adoption Assistance - Direct Benefit Payments	93.659		174,344	46,011	46,011
Total Foster Care and Adoption			<u>382,979</u>	<u>81,994</u>	<u>194,493</u>

(Continued)

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS (Continued)					
U.S. Department of Health and Human Services (Continued)					
Administration for Children and Families (Continued)					
Passed through N. C. Department of Health and Human Services (Continued)					
Division of Social Services (Continued)					
Temporary Assistance for Needy Families Cluster:					
Temporary Assistance for					
Needy Families/Work First	93.558		553,967	-	570,654
Temporary Assistance for Needy Families	93.558		5,315	-	-
Direct Benefit Payments:					
Temporary Assistance for Needy Families	93.558		<u>337,442</u>	-	-
Total TANF Cluster			<u>896,724</u>	-	<u>570,654</u>
N. C. Child Support Enforcement Section	93.563		586,000	-	297,557
Low-Income Home Energy Assistance	93.568		576,084	-	-
Child Welfare Services - State Grants -					
Permanency Planning - Families for Kids	93.645		28,896	-	14,639
SSBG - Other Service and Training	93.667		304,887	40,855	336,856
Independent Living Grant	93.674		2,343	586	-
Direct Benefit Payments:					
Permanency Planning:					
Child Welfare Services - Families for Kids	93.645		-	145,843	34,228
Division of Child Development					
Subsidized Child Care					
Child Care Development Fund Cluster:					
Division of Social Services					
Childcare Development Fund -					
Administration	93.596		85,414	-	37
Division of Child Development					
Child Care and Development Block Grant	93.575		803,484	-	-
Child Care and Development Fund -					
Mandatory	93.596		348,448	-	-
Child Care and Development Fund - Match	93.596		<u>105,159</u>	-	-
Total Child Care Development Fund Cluster			<u>1,342,505</u>	-	<u>37</u>
Temporary Assistance for Needy Families	93.558		448,395	-	-
Foster Care Title IV-E	93.658		19,658	9,623	-
Social Services Block Grant	93.667		1,563	-	-
State Funds:					
State Appropriations			-	28,723	-
Maintenance of Effort			-	<u>69,424</u>	-
Total Subsidized Child Care			<u>1,812,121</u>	<u>107,770</u>	<u>37</u>

(Continued)

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS (Continued)					
U.S. Department of Health and Human Services (Continued)					
Administration on Aging					
Division of Aging and Adult Services					
Passed through Triangle J Council of Governments					
Special Programs for the Aging - Title III-F Disease Prevention & Health Promotion Services	93.043		2,707	159	306
National Family Caregiver Support	93.052		32,982	2,198	-
Aging Cluster:					
Special Programs for the Aging - Title III B, Grants for Supportive Services and Senior Centers	93.044		98,191	5,776	99,067
Special Programs for the Aging - Title III C - Nutrition Service	93.045		66,235	4,453	82,797
Total Aging Cluster			<u>164,426</u>	<u>10,229</u>	<u>181,864</u>
Centers for Medicare and Medicaid Services					
Passed through NC Department of Insurance					
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779		5,862	-	-
Centers for Medicare and Medicaid Services					
Passed through N. C. Department of Health and Human Services					
Medicaid Cluster:					
Division of Medical Assistance					
Direct Benefit Payments:					
Medical Assistance Program	93.778		44,641,359	24,862,323	10,960
Division of Social Services					
Administration and Services:					
Medical Assistance Program	93.778		1,158,543	27,191	815,878
Total Medicaid Cluster			45,799,902	24,889,514	826,838
State Children's Insurance Program	93.767		36,261	2,695	8,824
Total U.S. Department of Health and Human Services			<u>50,846,119</u>	<u>25,335,125</u>	<u>2,466,296</u>

(Continued)

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
FEDERAL GRANTS (Continued)					
U.S. Department of Homeland Security					
Passed through N.C. Department of					
Crime Control and Public Safety					
Division of Emergency Management:					
Emergency Management - Performance Grants	97.042		33,699	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		<u>16,865</u>	<u>5,622</u>	-
Total U.S. Department of Homeland Security			<u>50,564</u>	<u>5,622</u>	-
U.S. Department of Justice					
Bureau of Justice Assistance					
Direct Program					
State Criminal Alien Assistance Program	16.606		<u>11,262</u>	-	-
Total U.S. Department of Justice			<u>11,262</u>	-	-
U.S. Department of Transportation					
Passed through N.C. Department of					
Transportation:					
Nonurbanized Area Formula Program	20.509	12-CT-061 WBS. #36233.65.13.1	51,553	3,222	9,667
Nonurbanized Area Formula Program	20.509	12-CT-061 WBS. #36233.65.13.3	45,335	5,666	5,668
Nonurbanized Area Formula Program	20.509	11-CT-061 WBS #36233.65.14.1	96,563	6,034	18,107
Transit Services Programs Cluster:					
Elderly and Elderly with Disabilities - Operating	20.513	10-ED-061 WBS. #51001.11.1.2	16,873	-	-
Elderly and Elderly with Disabilities - Operating	20.513	13-ED-061 WBS #51001.11.2.2	14,230	-	-
Elderly and Elderly with Disabilities - Capital	20.513	10-ED-061 WBS. #51001-11.1.3	9,229	1,163	1,163
Elderly and Elderly with Disabilities - Capital	20.513	13-ED-061 WBS. #51001-11.2.3	<u>1,957</u>	<u>245</u>	<u>247</u>
Total Transit Services Programs Cluster			<u>42,289</u>	<u>1,408</u>	<u>1,410</u>
Total U.S. Department of Transportation			<u>235,740</u>	<u>16,330</u>	<u>34,852</u>

(Continued)

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
<u>FEDERAL GRANTS (Continued)</u>					
U.S. Department of Labor					
Employment and Training Administration					
Passed through N.C. Department of Commerce					
Division of Employment and Training					
WIA Cluster:					
WIA Youth Activities	17.259		95,159	-	-
Total U.S. Department of Labor			95,159	-	-
U.S. Department of Housing and Urban Development					
Passed through N.C. Department of Commerce					
Division of Community Assistance					
CDBG-State-Administered CDBG Cluster:					
Community Development Block Grant	14.228		19,612	-	-
Total U.S. Department of Housing and Urban Development			19,612	-	-
<u>STATE GRANTS</u>					
N.C. Department of Health and Human Services					
Division of Aging					
Passed through Triangle J Council of Governments:					
Senior Center Grant			-	11,753	3,953
Access and In Home Services - 90% State Funds			-	177,376	164,641
Nutrition Services - 90% State Funds			-	9,182	12,398
Fans Program			-	1,524	-
N.C. Department of Transportation					
Elderly and Handicapped Transportation Assistance Program			-	77,081	-
Rural Public Transportation Assistance			-	75,624	-
N.C. Department of Cultural Resources					
Division of State Library					
State Aid to Libraries			-	100,640	-
N.C. Department of Justice					
Safe Roads Act			-	4,254	-

(Continued)

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
STATE GRANTS (Continued)					
N.C. Division of Veterans' Affairs					
Veterans' Services			-	1,452	-
N.C. Department of Health and Human Services					
Division of Public Health					
Food and Lodging Fees			-	5,229	-
Environmental Health			-	4,000	-
General Aid to Counties			-	88,960	-
General Communicable Disease Control			-	3,464	-
Tuberculosis			-	8,509	-
TB Medical Services			-	1,529	-
AIDS-State			-	500	-
Women's Health Service Fund			-	2,190	-
Risk Reduction/Health Promotion			-	6,206	-
School Nurse Funding Initiative			-	150,000	-
Healthy Communities			-	2,839	-
Administration and Services:					
CP&L Energy Program			-	7,302	-
Direct Benefit Payments:					
State/County Special Assistance for Adults			-	424,133	-
State Foster Care Benefits Program			-	17,770	17,739
N.C. Department of Juvenile Justice and and Delinquency Prevention					
JCPC Funding			-	161,771	-
N.C. Department of Public Instruction					
Public School Building Capital Fund			-	832,354	-
Total Assistance			<u>\$ 54,453,594</u>	<u>\$ 27,532,719</u>	<u>\$ 3,128,952</u>

Notes to the Preceding Schedule:

Note 1 - Major Program

Cluster programs are considered as one program for determining major programs in accordance with OMB Circular A-133. Also, the federal portion of cluster programs is included when identifying major programs for calculating the percentage of coverage of federal awards expanded. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, and Foster Care and Adoption.

(Continued)

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)

Notes to the Preceding Schedule: (continued)

Note 2 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State awards includes the Federal and State grant activity of Lee County and is presented, as much as practicable, on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered Federal awards to the County and are included on this schedule.

Note 3 - CFDA's Funded by Multiple Pass-Through Divisions

The following CFDA's were funded by multiple pass-through divisions (agencies, etc.). The following provides our total expenditures for those CFDA's.

<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
93.558	\$ 1,345,119	\$ -	\$ 570,654
93.596	539,021	-	37
93.645	28,896	145,843	48,867
93.658	224,124	45,606	144,901
93.667	306,450	40,855	336,856
93.778	45,799,902	24,889,514	826,838
