

**LEE COUNTY**

NORTH CAROLINA

*Committed Today for a Better Tomorrow*

# **Compliance Letters**

**Lee County  
North Carolina**

**For the Fiscal Year Ended  
June 30, 2011**

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



**LEE COUNTY, NORTH CAROLINA  
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**COMPLIANCE LETTERS**

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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***

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

We have audited the basic 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, 2011, not presented here, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

Management of Lee County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Lee County's internal control over financial reporting as a basis for designing auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

*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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lee County's financial statements are free of 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*.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.

November 23, 2011

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

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

## **Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Federal Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act**

### **Independent Auditors' Report**

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

#### **Compliance**

We have audited Lee County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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 the County's major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lee County's management. Our responsibility is to express an opinion on Lee County's compliance based on our audit.

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; 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. Our audit does not provide a legal determination of Lee County's compliance with those requirements.

In our opinion, Lee County complied, in all material respects, with the 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, 2011.

## **Internal Control Over Compliance**

Management of Lee County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lee County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, 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 Lee 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## **Schedule of Expenditures of Federal and State Awards**

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, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise Lee County's basic financial statements and have issued our report thereon dated November 23, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion 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 the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P. A.  
November 23, 2011

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

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

## **Report On Compliance With Requirements That Could Have a Direct And Material Effect on Each Major State Program And On Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 And The State Single Audit Implementation Act**

### **Independent Auditors' Report**

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

#### **Compliance**

We have audited Lee County's compliance with the types of compliance requirements described in applicable sections of the U.S. Office of Management and Budget (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 the County's major State programs for the year ended June 30, 2011. The County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of Lee County's management. Our responsibility is to express an opinion on Lee County's compliance based on our audit.

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; applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act. Those standards, applicable sections of 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 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. Our audit does not provide a legal determination of Lee County's compliance with those requirements.

In our opinion, Lee County complied, in all material respects, with the 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, 2011.

## **Internal Control Over Compliance**

Management of Lee County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered Lee County's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 Lee 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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## **Schedule of Expenditures of Federal and State Awards**

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, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 23, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion 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 the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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 other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
November 23, 2011

# LEE COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

### I. Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified? No

Non-compliance material to financial statements noted No

#### Federal Awards

Internal control over major federal programs:

- Material weakness identified? No
- Significant deficiency identified? No

Type of auditors' report issued on compliance for major federal programs Unqualified

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:

| <b>Federal Program/Cluster Name</b>                                     | <b>CFDA Number</b>       |
|---|--------------------------|
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557                   |
| Child Care Development Fund Cluster                                     | 93.575, 93.596, & 93.713 |
| Medicaid Cluster  | 93.778                   |
| Disaster Grants - Public Assistance                                     | 97.036                   |

Dollar threshold used to distinguish between Type A and Type B Programs \$1,619,092

Auditee qualified as low-risk auditee? No

# LEE COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

### I. Summary of Auditors' Results (continued):

#### State Awards

Internal control over major State programs:

- Material weakness identified? No
- Significant deficiency identified? No

Type of auditors' report issued on compliance  
for major State programs Unqualified

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

State/County Special Assistance for Adults  
Subsidized Child Care Program (cluster)  
Medicaid Cluster  
Disaster Grants - Public Assistance

### II. Findings Related to the Audit of the Basic Financial Statements

None reported

### III. Findings and Questioned Costs Related to the Audit of Federal Awards

None reported

### IV. Findings and Questioned Costs Related to the Audit of State Awards

None reported

**LEE COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

None reported.

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2011**

| <b>Grantor/Pass-through<br/>Grantor/Program title</b>                           | <b>Federal<br/>CFDA<br/>Number</b> | <b>State/<br/>Pass-through<br/>Grantor's<br/>Number</b> | <b>Federal<br/>Expenditures</b> | <b>State<br/>Expenditures</b> | <b>Local<br/>Expenditures</b> |
|---|------------------------------------|---|---------------------------------|-------------------------------|-------------------------------|
| <b><u>FEDERAL GRANTS</u></b>  |                                    |   |                                 |                               |                               |
| <b>U.S. Department of Agriculture</b>   |                                    |   |                                 |                               |                               |
| <b>Food and Nutrition Service</b>   |                                    |   |                                 |                               |                               |
| <b>Passed through N. C. Department of Health and Human Services</b>             |                                    |   |                                 |                               |                               |
| <b>Division of Public Health</b>  |                                    |   |                                 |                               |                               |
| <b>Administration:</b>  |                                    |   |                                 |                               |                               |
| Special Supplemental Nutrition Program for Women, Infants, & Children           | 10.557                             |   | \$ 324,841                      | \$ -                          | \$ -                          |
| <b>Direct Benefit Payments:</b>   |                                    |   |                                 |                               |                               |
| Special Supplemental Nutrition Program for Women, Infants, & Children           | 10.557                             |   | 2,181,251                       | -                             | -                             |
| <br>  |                                    |   |                                 |                               |                               |
| <b>Passed through N.C. Department of Health and Human Services</b>              |                                    |   |                                 |                               |                               |
| <b>Division of Social Services</b>  |                                    |   |                                 |                               |                               |
| <b>Administration:</b>  |                                    |   |                                 |                               |                               |
| <b>SNAP Cluster:</b>  |                                    |   |                                 |                               |                               |
| State Administrative Matching Grants for Supplemental Nutrition Assist. Program | 10.561                             |   | <u>458,258</u>                  | <u>-</u>                      | <u>389,129</u>                |
| Total SNAP Cluster  |                                    |   | <u>458,258</u>                  | <u>-</u>                      | <u>389,129</u>                |
| <br>  |                                    |   |                                 |                               |                               |
| <b>Passed through Triangle J Council of Governments:</b>                        |                                    |   |                                 |                               |                               |
| Nutrition Services Incentive  | 10.570                             |   | <u>13,350</u>                   | <u>-</u>                      | <u>-</u>                      |
| <br>  |                                    |   |                                 |                               |                               |
| Total US Department of Agriculture  |                                    |   | <u>2,977,700</u>                | <u>-</u>                      | <u>389,129</u>                |
| <br>  |                                    |   |                                 |                               |                               |
| <b>U.S. Department of Health and Human Services</b>                             |                                    |   |                                 |                               |                               |
| <b>Direct Program</b>   |                                    |   |                                 |                               |                               |
| Runaway and Homeless Youth Program  | 93.623                             |   | 18,750                          | -                             | -                             |

(Continued)

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

| <b>Grantor/Pass-through<br/>Grantor/Program title</b>               | <b>Federal<br/>CFDA<br/>Number</b> | <b>State/<br/>Pass-through<br/>Grantor's<br/>Number</b> | <b>Federal<br/>Expenditures</b> | <b>State<br/>Expenditures</b> | <b>Local<br/>Expenditures</b> |
|---|------------------------------------|---|---------------------------------|-------------------------------|-------------------------------|
| <b><u>FEDERAL GRANTS (Continued)</u></b>                            |                                    |   |                                 |                               |                               |
| <b>U.S. Department of Health and Human Services (Continued)</b>     |                                    |   |                                 |                               |                               |
| <b>Centers for Disease Control and Prevention</b>                   |                                    |   |                                 |                               |                               |
| <b>Passed through N. C. Department of Health and Human Services</b> |                                    |   |                                 |                               |                               |
| <b>Division of Public Health</b>                                    |                                    |   |                                 |                               |                               |
| Public Health Emergency Preparedness                                | 93.069                             |   | \$ 10,160                       | \$ -                          | \$ -                          |
| Prevention Investigations and Technical Assistance                  | 93.283                             |   | 58,284                          | 61                            | -                             |
| Statewide Health Promotion Program                                  | 93.991                             |   | 19,441                          | -                             | -                             |
| Immunization Cluster:   |                                    |   |                                 |                               |                               |
| Immunization Program/Aid to County Funding                          | 93.268                             |   | 19,170                          | -                             | -                             |
| Total Immunization Cluster  |                                    |   | <u>19,170</u>                   | <u>-</u>                      | <u>-</u>                      |
| <b>Health Resources and Service Administration</b>                  |                                    |   |                                 |                               |                               |
| <b>Passed through N. C. Department of Health and Human Services</b> |                                    |   |                                 |                               |                               |
| <b>Division of Public Health</b>                                    |                                    |   |                                 |                               |                               |
| Maternal and Child Health Services Block Grant                      | 93.994                             |   | 70,495                          | 52,878                        | -                             |
| <b>Office of Population Affairs</b>                                 |                                    |   |                                 |                               |                               |
| <b>Passed through N. C. Department of Health and Human Services</b> |                                    |   |                                 |                               |                               |
| <b>Office of Population Affairs</b>                                 |                                    |   |                                 |                               |                               |
| Family Planning Services  | 93.218                             |   | 45,649                          | -                             | -                             |
| <b>Administration for Children and Families</b>                     |                                    |   |                                 |                               |                               |
| <b>Passed through N.C. Department of Health and Human Services</b>  |                                    |   |                                 |                               |                               |
| <b>Division of Social Services</b>                                  |                                    |   |                                 |                               |                               |
| Foster Care and Adoption Cluster:                                   |                                    |   |                                 |                               |                               |
| Title IV-E Foster Care-Administration                               | 93.658                             |   | 138,708                         | 27,653                        | 109,341                       |
| Title IV-E Optional Adoption Training                               | 93.659                             |   | 13,418                          | -                             | 13,418                        |
| Foster Care - Direct Benefit Payments                               | 93.658                             |   | 54,103                          | 12,016                        | 13,592                        |
| Adoption Assistance - Direct Benefit Payments                       | 93.659                             |   | 173,010                         | 37,620                        | 61,569                        |
| Total Foster Care and Adoption                                      |                                    |   | <u>379,239</u>                  | <u>77,289</u>                 | <u>197,920</u>                |

(Continued)

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

| <b>Grantor/Pass-through<br/>Grantor/Program title</b>  | <b>Federal<br/>CFDA<br/>Number</b> | <b>State/<br/>Pass-through<br/>Grantor's<br/>Number</b> | <b>Federal<br/>Expenditures</b> | <b>State<br/>Expenditures</b> | <b>Local<br/>Expenditures</b> |
|--|------------------------------------|---|---------------------------------|-------------------------------|-------------------------------|
| <b>FEDERAL GRANTS (Continued)</b>  |                                    |   |                                 |                               |                               |
| <b>U.S. Department of Health and Human Services (Continued)</b>                                    |                                    |   |                                 |                               |                               |
| <b>Administration for Children and Families (Continued)</b>  |                                    |   |                                 |                               |                               |
| <b>Passed through N. C. Department of<br/>Health and Human Services (Continued)</b>                |                                    |   |                                 |                               |                               |
| <b>Division of Social Services (Continued)</b>   |                                    |   |                                 |                               |                               |
| Temporary Assistance for Needy Families Cluster  |                                    |   |                                 |                               |                               |
| Temporary Assistance for Needy Families  | 93.558                             |   | \$ 5,031                        | \$ -                          | \$ -                          |
| Temporary Assistance for<br>Needy Families/Work First  | 93.558                             |   | 452,752                         | -                             | 638,365                       |
| ARRA - Emergency Contingency Fund<br>for Temporary Assistance for Needy<br>Families State Programs | 93.714                             |   | 155,736                         | -                             | -                             |
| <b>Direct Benefit Payments:</b>  |                                    |   |                                 |                               |                               |
| Temporary Assistance for Needy Families  | 93.558                             |   | 283,349                         | -                             | -                             |
| Total TANF Cluster   |                                    |   | <u>896,868</u>                  | <u>-</u>                      | <u>638,365</u>                |
|  |                                    |   |                                 |                               |                               |
| N. C. Child Support Enforcement Section  | 93.563                             |   | 471,914                         | -                             | 240,163                       |
| Low-Income Home Energy Assistance  | 93.568                             |   | 318,649                         | -                             | 5,151                         |
| Child Welfare Services - State Grants -  |                                    |   |                                 |                               |                               |
| Permanency Planning - Families for Kids  | 93.645                             |   | 16,003                          | -                             | 9,048                         |
| SSBG - Other Service and Training  | 93.667                             |   | 259,083                         | 37,763                        | 497,083                       |
| Independent Living Grant   | 93.674                             |   | 2,300                           | 575                           | -                             |
| <b>Direct Benefit Payments:</b>  |                                    |   |                                 |                               |                               |
| Low-Income Home Energy Assistance  | 93.568                             |   | 400,229                         | -                             | -                             |
| Permanency Planning:   |                                    |   |                                 |                               |                               |
| Child Welfare Services - Families for Kids   | 93.645                             |   | -                               | 157,822                       | 38,527                        |
|  |                                    |   |                                 |                               |                               |
| <b>Division of Child Development</b>   |                                    |   |                                 |                               |                               |
| Subsidized Child Care  |                                    |   |                                 |                               |                               |
| Child Care Development Fund Cluster:   |                                    |   |                                 |                               |                               |
| Division of Social Services  |                                    |   |                                 |                               |                               |
| Childcare Development Fund -   |                                    |   |                                 |                               |                               |
| Administration   | 93.596                             |   | 114,820                         | -                             | 1,139                         |
| Division of Child Development  |                                    |   |                                 |                               |                               |
| Child Care and Development Block Grant   | 93.575                             |   | 911,517                         | -                             | -                             |
| Child Care and Development Fund -  |                                    |   |                                 |                               |                               |
| Mandatory  | 93.596                             |   | 407,880                         | -                             | -                             |
| Child Care and Development Fund -  |                                    |   |                                 |                               |                               |
| Match  | 93.596                             |   | 237,913                         | 129,126                       | -                             |
| ARRA - Child Care and Development Fund   | 93.713                             |   | 16,749                          | -                             | -                             |
| Total Child Care Development Fund Cluster  |                                    |   | <u>1,688,879</u>                | <u>129,126</u>                | <u>1,139</u>                  |

(Continued)

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

| <b>Grantor/Pass-through<br/>Grantor/Program title</b>   | <b>Federal<br/>CFDA<br/>Number</b> | <b>State/<br/>Pass-through<br/>Grantor's<br/>Number</b> | <b>Federal<br/>Expenditures</b> | <b>State<br/>Expenditures</b> | <b>Local<br/>Expenditures</b> |
|---|------------------------------------|---|---------------------------------|-------------------------------|-------------------------------|
| <b>FEDERAL GRANTS (Continued)</b>   |                                    |   |                                 |                               |                               |
| <b>U.S. Department of Health and Human Services (Continued)</b>                                       |                                    |   |                                 |                               |                               |
| <b>Administration for Children and Families (Continued)</b>   |                                    |   |                                 |                               |                               |
| <b>Passed through N. C. Department of<br/>Health and Human Services (Continued)</b>                   |                                    |   |                                 |                               |                               |
| <b>Division of Child Development (Continued)</b>  |                                    |   |                                 |                               |                               |
| Subsidized Child Care (Continued)   |                                    |   |                                 |                               |                               |
| Social Services Block Grant   | 93.667                             |   | \$ 2,386                        | \$ -                          | \$ -                          |
| Temporary Assistance for Needy Families   | 93.558                             |   | 308,055                         | -                             | -                             |
| State Funds:  |                                    |   |                                 |                               |                               |
| Smart Start   |                                    |   | -                               | 102,513                       | -                             |
| State Appropriations  |                                    |   | -                               | 34,564                        | -                             |
| Maintenance of Effort   |                                    |   | -                               | 148,019                       | -                             |
| Total Subsidized Child Care   |                                    |   | <u>1,999,320</u>                | <u>414,222</u>                | <u>1,139</u>                  |
| <b>Administration on Aging</b>  |                                    |   |                                 |                               |                               |
| <b>Division of Aging and Adult Services</b>   |                                    |   |                                 |                               |                               |
| <b>Passed through Triangle J Council of<br/>Governments</b>   |                                    |   |                                 |                               |                               |
| Special Programs for the Aging - Title III-F<br>Disease Prevention & Health Promotion<br>Services     |                                    |   |                                 |                               |                               |
|   | 93.043                             |   | 2,832                           | 167                           | 355                           |
| National Family Caregiver Support   | 93.052                             |   | 33,010                          | 2,201                         | -                             |
| Aging Cluster:  |                                    |   |                                 |                               |                               |
| Special Programs for the Aging -<br>Title III B, Grants for Supportive Services<br>and Senior Centers |                                    |   |                                 |                               |                               |
|   | 93.044                             |   | 97,031                          | 5,708                         | 107,739                       |
| Special Programs for the Aging -<br>Title III C - Nutrition Service                                   |                                    |   |                                 |                               |                               |
|   | 93.045                             |   | 62,229                          | 3,661                         | 86,805                        |
| ARRA - Aging Home - Delivered Nutrition<br>Services for States  |                                    |   |                                 |                               |                               |
|   | 93.705                             |   | 109                             | 6                             | 318                           |
| ARRA - Congregate Nutrition Services<br>for States  |                                    |   |                                 |                               |                               |
|   | 93.707                             |   | 4,179                           | 246                           | 5,241                         |
| Total Aging Cluster   |                                    |   | <u>163,548</u>                  | <u>9,621</u>                  | <u>200,103</u>                |
| Social Services Block Grant (SSBG) -<br>In Home Services  |                                    |   |                                 |                               |                               |
|   | 93.667                             |   | 5,133                           | 147                           | 5,890                         |
| <b>Centers for Medicare and Medicaid Services</b>   |                                    |   |                                 |                               |                               |
| <b>Passed through NC Department of Insurance</b>  |                                    |   |                                 |                               |                               |
| Centers for Medicare and Medicaid<br>Services Research, Demonstrations<br>and Evaluations             |                                    |   |                                 |                               |                               |
|   | 93.779                             |   | 3,379                           | -                             | -                             |

(Continued)

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

| <u>Grantor/Pass-through<br/>Grantor/Program title</u>                    | <u>Federal<br/>CFDA<br/>Number</u> | <u>State/<br/>Pass-through<br/>Grantor's<br/>Number</u> | <u>Federal<br/>Expenditures</u> | <u>State<br/>Expenditures</u> | <u>Local<br/>Expenditures</u> |
|--|------------------------------------|---|---------------------------------|-------------------------------|-------------------------------|
| <b><u>FEDERAL GRANTS (Continued)</u></b>                                 |                                    |   |                                 |                               |                               |
| <b>U.S. Department of Health and Human Services (Continued)</b>          |                                    |   |                                 |                               |                               |
| <b>Centers for Medicare and Medicaid Services</b>                        |                                    |   |                                 |                               |                               |
| <b>Passed through N. C. Department of Health and Human Services</b>      |                                    |   |                                 |                               |                               |
| Medicaid Cluster:  |                                    |   |                                 |                               |                               |
| <b>Division of Medical Assistance</b>                                    |                                    |   |                                 |                               |                               |
| <b>Direct Benefit Payments:</b>  |                                    |   |                                 |                               |                               |
| Medical Assistance Program   | 93.778                             |   | \$ 42,523,478                   | \$ 17,528,811                 | \$ 42,457                     |
| <b>Division of Social Services</b>                                       |                                    |   |                                 |                               |                               |
| <b>Administration and Services:</b>                                      |                                    |   |                                 |                               |                               |
| Medical Assistance Program   | 93.778                             |   | <u>1,093,369</u>                | <u>38,711</u>                 | <u>758,485</u>                |
| Total Medicaid Cluster   |                                    |   | <u>43,616,847</u>               | <u>17,567,522</u>             | <u>800,942</u>                |
| <b>Division of Social Services</b>                                       |                                    |   |                                 |                               |                               |
| <b>Administration and Services:</b>                                      |                                    |   |                                 |                               |                               |
| State Children's Insurance Program                                       | 93.767                             |   | 35,499                          | 2,928                         | 12,778                        |
| Total U.S. Department of Health and Human Services                       |                                    |   | <u>48,845,802</u>               | <u>18,323,196</u>             | <u>2,647,464</u>              |
| <b>U.S. Department of Homeland Security</b>                              |                                    |   |                                 |                               |                               |
| <b>Passed through N.C. Department of Crime Control and Public Safety</b> |                                    |   |                                 |                               |                               |
| <b>Division of Emergency Management:</b>                                 |                                    |   |                                 |                               |                               |
| Emergency Management - Performance                                       |                                    |   |                                 |                               |                               |
| Grants   | 97.042                             |   | 42,904                          | -                             | -                             |
| Disaster Grants - Public Assistance                                      | 97.036                             |   | <u>1,438,564</u>                | <u>479,521</u>                | -                             |
| Total U.S. Department of Homeland Security                               |                                    |   | <u>1,481,468</u>                | <u>479,521</u>                | -                             |
| <b>U.S. Department of Justice</b>  |                                    |   |                                 |                               |                               |
| <b>Direct Programs</b>   |                                    |   |                                 |                               |                               |
| ARRA - Assistance to Rural Law Enforcement to Combat Crime & Drugs       |                                    |   |                                 |                               |                               |
| Competitive Grant Program  | 16.810                             |   | 210,748                         | -                             | -                             |
| <b>Bureau of Justice Assistance</b>                                      |                                    |   |                                 |                               |                               |
| <b>Direct Program</b>  |                                    |   |                                 |                               |                               |
| Bulletproof Vest Partnership Program                                     | 16.607                             |   | <u>2,189</u>                    | -                             | -                             |
| Total U.S. Department of Justice   |                                    |   | <u>212,937</u>                  | -                             | -                             |

(Continued)

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

| <b>Grantor/Pass-through<br/>Grantor/Program title</b>        | <b>Federal<br/>CFDA<br/>Number</b> | <b>State/<br/>Pass-through<br/>Grantor's<br/>Number</b> | <b>Federal<br/>Expenditures</b> | <b>State<br/>Expenditures</b> | <b>Local<br/>Expenditures</b> |
|--|------------------------------------|---|---------------------------------|-------------------------------|-------------------------------|
| <b><u>FEDERAL GRANTS (Continued)</u></b>                     |                                    |   |                                 |                               |                               |
| <b>U.S. Department of Labor</b>                              |                                    |   |                                 |                               |                               |
| <b>Employment and Training Administration</b>                |                                    |   |                                 |                               |                               |
| <b>Passed through N.C. Department of<br/>Commerce</b>        |                                    |   |                                 |                               |                               |
| <b>Division of Employment and Training</b>                   |                                    |   |                                 |                               |                               |
| WIA Cluster:   |                                    |   |                                 |                               |                               |
| WIA Youth Program  | 17.259                             |   | \$ 157,495                      | \$ -                          | \$ -                          |
| Total WIA Cluster  |                                    |   | <u>157,495</u>                  | <u>-</u>                      | <u>-</u>                      |
| Total U.S. Department of Labor                               |                                    |   | <u>157,495</u>                  | <u>-</u>                      | <u>-</u>                      |
| <b>U.S. Department of Transportation</b>                     |                                    |   |                                 |                               |                               |
| <b>Passed through N.C. Department of<br/>Transportation:</b> |                                    |   |                                 |                               |                               |
| Nonurbanized Area Formula Program                            | 20.509                             | 10-CT-061<br>WBS. #36233.65.11.1                        | 16,666                          | 1,042                         | 3,125                         |
| Nonurbanized Area Formula Program                            | 20.509                             | 11-CT-061<br>WBS #36233.65.12.1                         | 80,733                          | 5,046                         | 15,138                        |
| Nonurbanized Area Formula Program                            | 20.509                             | 11-CT-061<br>WBS. #36233.65.12.3                        | 1,481                           | 185                           | 185                           |
| Transit Services Program Cluster:                            |                                    |   |                                 |                               |                               |
| Elderly and Elderly with Disabilities - Operating            | 20.513                             | 10-ED-061<br>WBS. #51001.11.1.2                         | 12,360                          | -                             | -                             |
| Elderly and Elderly with Disabilities - Capital              | 20.513                             | 10-ED-061<br>WBS. #51001-11.1.3                         | 35,409                          | 4,427                         | 4,426                         |
| Total Transit Services Program Cluster                       |                                    |   | <u>47,769</u>                   | <u>4,427</u>                  | <u>4,426</u>                  |
| Total U.S. Department of Transportation                      |                                    |   | <u>146,649</u>                  | <u>10,700</u>                 | <u>22,874</u>                 |
| <b>U.S. Department of Housing and<br/>Urban Development</b>  |                                    |   |                                 |                               |                               |
| <b>Passed through N.C. Department<br/>of Commerce</b>        |                                    |   |                                 |                               |                               |
| <b>Division of Community Assistance</b>                      |                                    |   |                                 |                               |                               |
| CDBG-State-Administered CDBG Cluster:                        |                                    |   |                                 |                               |                               |
| Community Development Block Grant                            | 14.228                             |   | 147,692                         | -                             | -                             |
| Total CDBG-State-Administered CDBG Cluster                   |                                    |   | <u>147,692</u>                  | <u>-</u>                      | <u>-</u>                      |
| Total U.S. Department of Housing and Urban Development       |                                    |   | <u>147,692</u>                  | <u>-</u>                      | <u>-</u>                      |

(Continued)

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

| <b>Grantor/Pass-through<br/>Grantor/Program title</b>         | <b>Federal<br/>CFDA<br/>Number</b> | <b>State/<br/>Pass-through<br/>Grantor's<br/>Number</b> | <b>Federal<br/>Expenditures</b> | <b>State<br/>Expenditures</b> | <b>Local<br/>Expenditures</b> |
|---|------------------------------------|---|---------------------------------|-------------------------------|-------------------------------|
| <b>STATE GRANTS</b>   |                                    |   |                                 |                               |                               |
| <b>N.C. Department of Health and Human Services</b>           |                                    |   |                                 |                               |                               |
| <b>Division of Aging</b>                                      |                                    |   |                                 |                               |                               |
| <b>Passed through Triangle J Council<br/>of Governments:</b>  |                                    |   |                                 |                               |                               |
| Senior Center Grant   |                                    |   | \$ -                            | \$ 12,242                     | \$ 4,946                      |
| Access and In Home Services - 90% State<br>Funds              |                                    |   | -                               | 155,620                       | 152,368                       |
| Nutrition Services - 90% State Funds                          |                                    |   | -                               | 8,531                         | 14,310                        |
| Fans Program  |                                    |   | -                               | 1,819                         | -                             |
| <b>N.C. Department of Transportation</b>                      |                                    |   |                                 |                               |                               |
| Elderly and Handicapped Transportation<br>Assistance Program  |                                    |   | -                               | 98,448                        | -                             |
| Rural Public Transportation Assistance                        |                                    |   | -                               | 92,831                        | -                             |
| <b>N.C. Department of Cultural Resources</b>                  |                                    |   |                                 |                               |                               |
| <b>Division of State Library</b>                              |                                    |   |                                 |                               |                               |
| State Aid to Libraries  |                                    |   | -                               | 106,879                       | -                             |
| <b>N.C. Department of Justice</b>                             |                                    |   |                                 |                               |                               |
| Safe Roads Act  |                                    |   | -                               | 3,656                         | -                             |
| <b>N.C. Division of Veterans' Affairs</b>                     |                                    |   |                                 |                               |                               |
| Veterans' Services  |                                    |   | -                               | 2,000                         | 26,224                        |
| <b>N.C. Department of Crime Control and<br/>Public Safety</b> |                                    |   |                                 |                               |                               |
| <b>Governor's Crime Commission</b>                            |                                    |   |                                 |                               |                               |
| Gang Violence Prevention Program                              |                                    |   | -                               | 36,298                        | -                             |
| <b>N.C. Department of Health and<br/>Human Services</b>       |                                    |   |                                 |                               |                               |
| <b>Division of Public Health</b>                              |                                    |   |                                 |                               |                               |
| General Administration  |                                    |   | -                               | 104,631                       | -                             |
| Minority Health   |                                    |   | -                               | 16,724                        | -                             |
| Communicable Disease  |                                    |   | -                               | 3,464                         | -                             |
| Tuberculosis  |                                    |   | -                               | 10,038                        | -                             |
| AIDS-State  |                                    |   | -                               | 500                           | -                             |
| Women's Preventative Health                                   |                                    |   | -                               | 4,425                         | -                             |
| Risk Reduction/Health Promotion                               |                                    |   | -                               | 10,986                        | -                             |
| Breast and Cervical Cancer Control                            |                                    |   | -                               | 2,125                         | -                             |

(Continued)

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

| <b>Grantor/Pass-through<br/>Grantor/Program title</b>                         | <b>Federal<br/>CFDA<br/>Number</b> | <b>State/<br/>Pass-through<br/>Grantor's<br/>Number</b> | <b>Federal<br/>Expenditures</b> | <b>State<br/>Expenditures</b> | <b>Local<br/>Expenditures</b> |
|---|------------------------------------|---|---------------------------------|-------------------------------|-------------------------------|
| <b>STATE GRANTS (Continued)</b>   |                                    |   |                                 |                               |                               |
| <b>N.C. Department of Health and<br/>Human Services (Continued)</b>           |                                    |   |                                 |                               |                               |
| <b>Division of Public Health (Continued)</b>                                  |                                    |   |                                 |                               |                               |
| <b>Administration and Services:</b>   |                                    |   |                                 |                               |                               |
| CP&L Energy Program   |                                    |   | \$ -                            | \$ 6,083                      | \$ -                          |
| Adult Protective Services   |                                    |   | -                               | 10,633                        | 14,510                        |
| CPS Expansion   |                                    |   | -                               | 26,983                        | 8,720                         |
| <b>Direct Benefit Payments:</b>   |                                    |   |                                 |                               |                               |
| State/County Special Assistance for Adults                                    |                                    |   | -                               | 433,469                       | 433,469                       |
| State Foster Care Benefits Program  |                                    |   | -                               | 95,384                        | 59,447                        |
| <b>N.C. Department of Environment and Natural<br/>Resources</b>               |                                    |   |                                 |                               |                               |
| Community Waste Reduction and<br>Recycling Grant                              |                                    | Contract # 2390   | -                               | 8,493                         | 1,699                         |
| <b>N.C. Department of Juvenile Justice and<br/>and Delinquency Prevention</b> |                                    |   |                                 |                               |                               |
| JCPC Funding  |                                    |   | -                               | 161,771                       | -                             |
| <b>N.C. Department of Public Instruction</b>                                  |                                    |   |                                 |                               |                               |
| Public School Building Capital Fund   |                                    |   | -                               | 1,108,221                     | -                             |
| Total Assistance  |                                    |   | <u>\$ 53,969,743</u>            | <u>\$ 21,335,671</u>          | <u>\$ 3,775,160</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.

**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.

(Continued)

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

| <u>Grantor/Pass-through<br/>Grantor/Program title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>State/<br/>Pass-through<br/>Grantor's<br/>Number</u> | <u>Federal<br/>Expenditures</u> | <u>State<br/>Expenditures</u> | <u>Local<br/>Expenditures</u> |
|---|------------------------------------|---|---------------------------------|-------------------------------|-------------------------------|
|---|------------------------------------|---|---------------------------------|-------------------------------|-------------------------------|

**Notes to the Preceding Schedule (Continued):**

**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<br/>Expenditures</u> | <u>State<br/>Expenditures</u> | <u>Local<br/>Expenditures</u> |
|---------------|---------------------------------|-------------------------------|-------------------------------|
| 93.558        | \$ 1,049,187                    | \$ -                          | \$ 638,365                    |
| 93.568        | 718,878                         | -                             | 5,151                         |
| 93.645        | 16,003                          | 157,822                       | 47,575                        |
| 93.667        | 266,602                         | 37,910                        | 602,973                       |
| 93.778        | 43,616,847                      | 17,567,522                    | 800,942                       |

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