

**LEE COUNTY**

NORTH CAROLINA

*Committed Today for a Better Tomorrow*

# **Compliance Letters**

**Lee County  
North Carolina**

**For the Fiscal Year Ended  
June 30, 2012**

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

**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***

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, 2012, not presented here, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 25, 2012. 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.

October 25, 2012

# 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, 2012. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings, Responses, 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, 2012.

## **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, 2012, which collectively comprise Lee County's basic financial statements and have issued our report thereon dated October 25, 2012, 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.  
October 25, 2012

# 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, 2012. The County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings, Responses, 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, 2012.

## **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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 25, 2012, 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.  
October 25, 2012

**LEE COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**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
Medicaid Cluster	93.778, 93.777, 93.775, 93.720

Dollar threshold used to distinguish between Type A and Type B Programs \$1,562,982

Auditee qualified as low-risk auditee? No

**LEE COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**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**

Subsidized Child Care Cluster

Medicaid Cluster

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

None reported

**III. Findings, Responses, and Questioned Costs Related to the Audit of Federal Awards**

None reported

**IV. Findings, Responses, 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, 2012**

None reported.

**LEE COUNTY, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2012**

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>FEDERAL GRANTS</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		\$ 330,984	\$ -	\$ -
<b>Direct Benefit Payments:</b>					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		2,295,852	-	-
<b>Passed-through N.C. Department of Health and Human Services</b>					
<b>Division of Social Services</b>					
<b>Administration:</b>					
Supplemental Nutrition Assist. Program Cluster State Administrative Matching Grants for Supplemental Nutrition Assist. Program	10.561		392,913	-	367,802
<b>Passed-through Triangle J Council of Governments:</b>					
Nutrition Services Incentive	10.570		<u>13,455</u>	<u>-</u>	<u>-</u>
Total US Department of Agriculture			<u>3,033,204</u>	<u>-</u>	<u>367,802</u>
<b>Institute of Museum and Library Services</b>					
<b>Passed-through N.C. Department of Cultural Resources</b>					
Grant to States (NC Cardinal Project)	45.310		<u>17,110</u>	<u>-</u>	<u>-</u>
Total Institute of Museum and Library Services			<u>17,110</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Commerce</b>					
<b>Economic Development Administration</b>					
<b>Direct Program</b>					
Investments for Public Works and Economic Development Facilities	11.300		<u>46,162</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Commerce			<u>46,162</u>	<u>-</u>	<u>-</u>

(Continued)

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

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b><u>FEDERAL GRANTS (Continued)</u></b>					
<b>U.S. Department of Health and Human Services</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		38,764	-	-
Prevention Investigations and Technical Assistance	93.283		7,654	-	-
Comprehensive Breast and Cervical Cancer Early Detection Program	93.919		5,917	1,275	-
Immunization Cluster:					
Immunization Program/Aid to County Funding	93.268		<u>21,102</u>	<u>-</u>	<u>-</u>
Total Immunization Cluster			<u>21,102</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		71,046	203,291	-
<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		43,067	-	-
<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>					
Temporary Assistance for Needy Families	93.558		8,343	-	-
Foster Care and Adoption Cluster:					
Title IV-E Foster Care-Administration	93.658		203,542	26,690	174,818
Title IV-E Optional Adoption Training	93.659		5,129	-	5,129
Foster Care - Direct Benefit Payments	93.658		45,492	12,772	13,377
Adoption Assistance - Direct Benefit Payments	93.659		<u>176,561</u>	<u>47,246</u>	<u>47,246</u>
Total Foster Care and Adoption			<u>430,724</u>	<u>86,708</u>	<u>240,570</u>

(Continued)

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

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b><u>FEDERAL GRANTS (Continued)</u></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 Health and Human Services (Continued)</b>					
<b>Division of Social Services (Continued)</b>					
Temporary Assistance for Needy Families Cluster					
Temporary Assistance for Needy Families/Work First					
	93.558		615,651	-	455,938
<b>Direct Benefit Payments:</b>					
Temporary Assistance for Needy Families					
	93.558		<u>283,973</u>	-	-
Total TANF Cluster					
			<u>899,624</u>	-	<u>455,938</u>
N. C. Child Support Enforcement Section					
	93.563		533,833	-	271,463
Low-Income Home Energy Assistance					
	93.568		423,426	-	-
Child Welfare Services - State Grants -					
Permanency Planning - Families for Kids					
	93.645		18,707	-	7,550
SSBG - Other Service and Training					
	93.667		295,138	44,630	408,641
Independent Living Grant					
	93.674		2,339	585	-
<b>Direct Benefit Payments:</b>					
Permanency Planning:					
Child Welfare Services - Families for Kids					
	93.645		-	149,609	35,378
<b>Division of Child Development</b>					
Subsidized Child Care					
Child Care Development Fund Cluster:					
Division of Social Services					
Childcare Development Fund -					
Administration					
	93.596		79,588	-	1,268
Division of Child Development					
Child Care and Development Block Grant					
	93.575		702,760	-	-
Child Care and Development Fund -					
Mandatory					
	93.596		254,683	-	-
Child Care and Development Fund -					
Match					
	93.596		<u>509,817</u>	<u>252,148</u>	-
Total Child Care Development Fund Cluster					
			<u>1,546,848</u>	<u>252,148</u>	<u>1,268</u>

(Continued)

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

<u>Grantor/Pass-through</u> <u>Grantor/Program title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<b><u>FEDERAL GRANTS (Continued)</u></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 Health and Human Services (Continued)</b>					
<b>Division of Child Development (Continued)</b>					
Subsidized Child Care (Continued)					
Temporary Assistance for Needy Families	93.558		291,384	-	-
Foster Care Title IV-E	93.658		7,486	-	-
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families State Programs	93.714		29,960	-	-
State Funds:					
Smart Start			-	2,397	-
State Appropriations			-	71,875	-
Maintenance of Effort			-	112,169	-
			<u>1,875,678</u>	<u>438,589</u>	<u>1,268</u>
<b>Administration on Aging</b>					
<b>Division of Aging and Adult Services</b>					
<b>Passed-through Triangle J Council of Governments</b>					
Special Programs for the Aging - Title III-F Disease Prevention & Health Promotion Services					
	93.043		2,832	167	186
National Family Caregiver Support	93.052		35,936	2,396	88
Aging Cluster:					
Special Programs for the Aging - Title III B, Grants for Supportive Services and Senior Centers					
	93.044		88,515	5,207	92,479
Special Programs for the Aging - Title III C - Nutrition Service					
	93.045		<u>64,300</u>	<u>3,782</u>	<u>60,999</u>
Total Aging Cluster			<u>152,815</u>	<u>8,989</u>	<u>153,478</u>
Social Services Block Grant (SSBG) - In Home Services					
	93.667		12,981	3,781	12,127
<b>Centers for Medicare and Medicaid Services</b>					
<b>Passed-through NC Department of Insurance</b>					
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations					
	93.779		6,697	-	-

(Continued)

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

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>FEDERAL GRANTS (Continued)</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>					
<b>Division of Medical Assistance</b>					
<b>Direct Benefit Payments:</b>					
Medical Assistance Program	93.778		42,249,817	24,226,813	7,357
<b>Division of Social Services</b>					
<b>Administration and Services:</b>					
Medical Assistance Program	93.778		1,202,197	59,591	762,086
State Children's Insurance Program	93.767		<u>37,015</u>	<u>2,933</u>	<u>8,947</u>
Total U.S. Department of Health and Human Services			<u>48,375,652</u>	<u>25,229,357</u>	<u>2,365,077</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		35,261	-	-
Disaster Grants - Public Assistance	97.036		<u>14,862</u>	<u>4,954</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>50,123</u>	<u>4,954</u>	<u>-</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		132,813	-	-
<b>Bureau of Justice Assistance</b>					
<b>Direct Program</b>					
State Criminal Alien Assistance Program	16.606		15,601	-	-
Bulletproof Vest Partnership Program	16.607		891	-	-
<b>Passed-through the City of Sanford</b>					
Edward Byrne Memorial Justice Assistance Grant Program					
	16.738		<u>7,596</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Justice			<u>156,901</u>	<u>-</u>	<u>-</u>

(Continued)

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

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<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 Commerce</b>					
<b>Division of Employment and Training</b>					
WIA Youth Program	17.259		204,707	-	-
Total U.S. Department of Labor			204,707	-	-
<b>U.S. Department of Transportation</b>					
<b>Passed-through N.C. Department of Transportation:</b>					
Non-urbanized Area Formula Program	20.509	12-CT-061 WBS. #36233.65.13.1	65,524	4,095	12,286
Non-urbanized Area Formula Program	20.509	12-CT-061 WBS. #36233.65.13.3	95,286	11,911	11,912
Non-urbanized Area Formula Program	20.509	11-CT-061 WBS #36233.65.12.1	37,899	2,368	7,106
Non-urbanized Area Formula Program	20.509	11-CT-061 WBS. #36233.65.12.3	9,013	1,127	1,126
Elderly and Elderly with Disabilities - Operating	20.513	10-ED-061 WBS. #51001.11.1.2	4,728	-	-
Elderly and Elderly with Disabilities - Capital	20.513	10-ED-061 WBS. #51001-11.1.3	3,097	387	387
Total U.S. Department of Transportation			215,547	19,888	32,817
<b><u>STATE GRANTS</u></b>					
<b>N.C. Department of Health and Human Services</b>					
<b>Division of Aging</b>					
<b>Passed-through Triangle J Council of Governments:</b>					
Senior Center Grant			-	12,204	4,221
Access and In Home Services - 90% State Funds			-	174,373	101,392
Nutrition Services - 90% State Funds			-	13,918	14,176
Fans Program			-	2,374	-
<b>N.C. Department of Transportation</b>					
Elderly and Handicapped Transportation Assistance Program			-	86,698	-
Rural Public Transportation Assistance			-	67,538	-

(Continued)

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

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>STATE GRANTS (Continued)</b>					
<b>N.C. Department of Cultural Resources</b>					
<b>Division of State Library</b>					
State Aid to Libraries			-	92,854	-
<b>N.C. Department of Justice</b>					
Safe Roads Act			-	4,703	-
<b>N.C. Division of Veterans' Affairs</b>					
Veterans' Services			-	1,452	43,083
<b>N.C. Department of Crime Control and Public Safety</b>					
<b>Governor's Crime Commission</b>					
Gang Violence Prevention Program			-	9,044	-
<b>N.C. Department of Health and Human Services</b>					
<b>Division of Public Health</b>					
Environmental Health			-	4,000	-
Lead Prevention Aid to County Funds			-	1,624	-
General Aid to Counties			-	92,878	-
General Communicable Disease Control			-	3,464	-
Tuberculosis			-	8,509	-
TB Medical Services			-	1,529	-
AIDS-State			-	500	-
WHSF			-	4,425	-
Risk Reduction/Health Promotion			-	8,327	-
<b>Administration and Services:</b>					
CP&L Energy Program			-	6,931	-
Adult Protective Services			-	12,847	12
CPS Expansion					
<b>Direct Benefit Payments:</b>					
State/County Special Assistance for Adults			-	402,779	402,779
State Foster Care Benefits Program			-	77,404	51,811
<b>N.C. Department of Environment and Natural Resources</b>					
Community Waste Reduction and Recycling Grant			-	8,400	1,680
White Goods Management Program			-	138,640	-

(Continued)

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

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>STATE GRANTS (Continued)</b>					
<b>N.C. Department of Juvenile Justice and and Delinquency Prevention</b>					
JCPC Funding			-	161,771	-
<b>N.C. Department of Public Instruction</b>					
Public School Building Capital Fund			-	846,967	-
Total Assistance			<u>\$ 52,099,406</u>	<u>\$ 27,500,352</u>	<u>\$ 3,384,850</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.

**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	\$ 1,199,351	\$ -	\$ 455,938
93.596	844,088	252,148	1,268
93.678	256,520	39,462	188,195
93.645	18,707	149,609	42,928
93.667	308,119	48,411	420,768
93.778	43,452,014	24,286,404	769,443