

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2008**

IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS

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This section contains schedules and auditor reports required by U.S. OMB (Office of Management and Budget) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act of North Carolina. The required schedules reflect federal, state, and local participation in various projects and programs of the County for which the federal and/or state government contributed.

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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 Commissioners
Cleveland County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland County, North Carolina, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of American 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

In planning and performing our audit, we considered Cleveland County's internal control over financial reporting as a basis for designing our 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 Cleveland 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be 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 Cleveland 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, noncompliance 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 noncompliance 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, management, and 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, 2008



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

**Report On Compliance With Requirements Applicable To Each Major Federal Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133
And The State Single Audit Implementation Act**

To the Board of Commissioners
Cleveland County, North Carolina

Compliance

We have audited the compliance of Cleveland County, North Carolina, 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 are applicable to each of its major federal programs for the year ended June 30, 2008. Cleveland County's major federal programs are identified in the summary of auditor's 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 Cleveland County's management. Our responsibility is to express an opinion on Cleveland 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 Cleveland 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 on Cleveland County's compliance with those requirements.

In our opinion, Cleveland County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Cleveland County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Cleveland County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in a County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of commissioners, management, and federal 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, 2008



Martin Starnes & Associates, CPAs, P.A.

A Professional Association of Certified Public Accountants and Management Consultants

**Report On Compliance With Requirements Applicable To Each Major State Program And
Internal Control Over Compliance In Accordance With Applicable Sections Of
OMB Circular A-133 And The State Single Audit Implementation Act**

To the Board of Commissioners
Cleveland County, North Carolina

Compliance

We have audited the compliance of Cleveland County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that are applicable to each of its major state programs for the year ended June 30, 2008. Cleveland County's major state programs are identified in the summary of auditor's 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 Cleveland County's management. Our responsibility is to express an opinion on Cleveland 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; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Those standards, *OMB Circular A-133*, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 Cleveland 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 on Cleveland County's compliance with those requirements.

In our opinion, Cleveland County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Cleveland County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Cleveland County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in a County's internal control over compliance 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 noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board of commissioners, management, and 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, 2008

CLEVELAND COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

1. Summary of Auditors' Results

- A. An unqualified opinion was issued on the financial statements of Cleveland County, North Carolina.
- B. Our audit of the basic financial statements disclosed no significant deficiencies or material weaknesses in internal controls.
- C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.
- D. Our audit of compliance with the types of compliance requirements applicable to the County's major programs disclosed no significant deficiencies or material weaknesses in internal controls over major programs.
- E. An unqualified opinion was issued on Cleveland County, North Carolina's compliance with the types of compliance requirements applicable to its major federal programs.
- F. An unqualified opinion was issued on Cleveland County, North Carolina's compliance with the types of compliance requirements applicable to its major State programs.
- G. Our audit disclosed no audit findings which related to federal and State awards.
- H. Major federal programs for the Cleveland County, North Carolina for the fiscal year ended June 30, 2008 are:

Program Name	CFDA#
Medical Assistance	93.778
Temporary Assistance For Needy Families	93.558
Subsidized Childcare Cluster	93.558, 93.575, 93.596, 93.667
Food Stamp Cluster:	
Food Stamp Program	10.551
State Administrative Matching Grants for Food Stamps	10.561
Special Supplemental Nutrition Program For Women, Infants and Children	10.557
IV-E Foster Care and Adoption Cluster	93.658/93.659
Crisis Intervention/Energy Assistance	93.568

CLEVELAND COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

Major State programs for Cleveland County, North Carolina for the fiscal year ended June 30, 2008 are:

Program Name	CFDA#
Medical Assistance	93.778
Subsidized Childcare Cluster	93.558, 93.575, 93.596, 93.667
IV-E Foster Care and Adoption Cluster	93.658/93.659
Public School Building Capital Fund	N/A
State/County Special Assistance	N/A

The threshold for determining Type A programs for Cleveland County, North Carolina is \$3,000,000.

Cleveland County, North Carolina did not qualify as a low risk auditee under Section .530 of Circular No. A-133.

Findings Related to the Audit of the Basic Financial Statements

None

Findings and Questioned Costs Related to the Audit of Federal Awards

None

Findings and Questioned Costs Related to the Audit of State Awards

None

CLEVELAND COUNTY, NORTH CAROLINA

**SUMMARY SCHEDULE OF PRIOR YEAR
FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008**

None.

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2008**

**IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS
E. Schedule of Expenditures of Federal and State Awards**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State or Pass-Thru Grantor Number	Federal (Direct and Pass-Thru) Expenditures	State (Direct and Pass-Thru) Expenditures	County Expenditures
Federal Awards:					
<u>U.S. Dept. of Agriculture</u>					
<u>Passed-through N.C. Dept. of Agriculture:</u>					
Emergency Food Program (Administration)	10.568	-	\$ 20,885	\$ -	\$ -
Emergency Food Program (Commodities)	10.569	-	138,472	-	-
<u>Division of Public Health</u>					
Special Supplemental Nutrition Program for Women, Infants, and Children - direct benefit payments	10.557	-	2,003,951	-	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5403, -4, -5, -9	372,204	-	-
<u>Division of Social Services:</u>					
<u>Food Stamp Cluster:</u>					
Food Stamps - direct benefit payments	10.551	-	17,368,762	-	-
Food Stamps Claims Collect	10.551	454	(9,414)	-	-
Food Stamps Incentive Retention	10.551	455	11,804	-	-
Food Stamps Administration	10.561	404, 417	702,112	-	702,112
Food Stamps Employment & Training	10.561	458	6,925	-	6,925
Food Stamps Fraud	10.561	405	28,021	-	28,021
<u>Total Food Stamp Cluster</u>			<u>18,108,211</u>	<u>-</u>	<u>737,058</u>
<u>Total U.S. Dept. of Agriculture</u>			<u>20,643,722</u>	<u>-</u>	<u>737,058</u>
<u>U.S. Dept. of Health & Human Services</u>					
<u>Passed-through the N.C. Dept. of Health and Human Services:</u>					
<u>Divisions of Aging (thru Isothermal Planning and Development) and Social Services</u>					
<u>Aging Cluster:</u>					
III-B Grants for Supportive Services and Senior Centers - In Home Services	93.044	-	124,825	7,342	-
Social Services Block Grant - In Home Services	93.667	022, 396	17,689	-	2,527
<u>Total Aging Cluster</u>			<u>142,514</u>	<u>7,342</u>	<u>2,527</u>
<u>Division of Child Development:</u>					
<u>Subsidized Child Care Cluster:</u>					
<u>Child Care Development Fund Cluster:</u>					
Child Care and Development Fund -- Discretionary	93.575	D*23, TB23	1,659,323	-	-
Child Care and Development Fund -- Admin.	93.596	364	174,387	-	-
Child Care and Development Fund -- Mandatory	93.596	M*23	613,885	-	-
Child Care and Development Fund -- Match	93.596	V*23	749,478	418,549	-
<u>Total Child Care Development Fund Cluster:</u>			<u>3,197,073</u>	<u>418,549</u>	<u>-</u>
Temporary Assistance for Needy Families - Child Care	93.558	T223	384,277	-	-
Social Services Block Grant - Child Care	93.667	Q423, 467	19,030	-	156,537
Smart Start	-	4023, 347, 438	-	151,727	128
State & Local Appropriations	-	0023	-	127,357	-
TANF-MOE	-	T623	-	841,749	-
<u>Total Subsidized Child Care Cluster:</u>			<u>3,600,380</u>	<u>1,539,382</u>	<u>156,665</u>
<u>Passed-through the Univ. of NC-Chapel Hill:</u>					
Quality Enhancement Project - Infants	93.994	-	24,067	-	-

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Federal Awards: (continued from previous page)					
<u>Division of Medical Assistance:</u>					
<u>Medicaid Assistance Cluster:</u>					
Medicaid Assistance Program - direct benefit payments	93.778	-	\$ 91,346,992	\$ 47,471,112	\$ 6,331,696
Adult Care Home CM	93.778	211	14,888	7,444	7,444
At-Risk CM	93.778	286	16,133	-	-
At-Risk CM Settlement	93.778	-	8,121	-	-
Medical Assistance Administration	93.778	412	1,015,212	-	1,015,212
Medical Assistance Expansion	93.778	477	21,530	21,530	-
Medical Transportation Administration	93.778	375	39,018	-	39,018
Medical Transportation Services	93.778	377	512,454	284,384	4,600
Special Adult Home	93.778	128, 131	51,775	31,480	20,294
<u>Total Medicaid Assistance Cluster:</u>			93,026,123	47,815,951	7,418,264
<u>Division of Public Health</u>					
Family Planning	93.217	592C	25,323	-	-
Immunization Program/ Aid to County Funding	93.268	6025, 631D	22,455	-	-
Bioterrorism Grant	93.283	2681	115,270	15,495	-
TANF - Public Health	93.558	5151	14,132	-	-
Ryan White / HIV Care Formula Grant	93.917	5596	103,538	-	-
Breast and Cervical Cancer Early Detection	93.919	310D, 360C	17,150	-	-
HIV Prevention Activities	93.940	433B	20,673	-	-
Preventive Health and Health Services Block Grant - Statewide Health Promotion Program	93.991	5503	18,498	12,048	-
Maternal and Child Health Services Block Grant	93.994	57XX, 601X, 53XX	51,678	173,176	-
<u>Division of Social Services:</u>					
<u>Foster Care and Adoption Assistance Cluster:</u>					
TEA & TEA Max	93.558	280, 281	30,649	-	-
IV-E Admin	93.658	-	2,811	-	2,811
IV-E Child Protective Services	93.658	072, 074	332,365	91,153	195,977
IV-E Foster Care, Optional Fund	93.658	97, 132, 302, 407	373,371	-	372,861
IV-E Foster Care	93.658	-	259,477	72,550	72,550
IV-E Max	93.658	-	52,878	-	29,559
IV-E, IV-B, and State Vendor	93.658	-	6,050	16,315	-
IV-E Adoption Subsidy - direct benefit payments	93.659	-	370,792	105,464	105,464
Special Needs Adoption	-	-	-	23,091	-
Child Welfare Services Adoption Subsidy - direct benefit payments	-	-	-	325,183	93,211
Foster Care At-Risk Max	-	-	-	24,196	13,542
State Foster Home	-	-	-	118,265	118,265
<u>Total Foster Care and Adoption Assistance Cluster:</u>			1,428,393	776,216	1,004,239
TANF Payments and Penalties - direct benefit payments	93.558	-	\$ 1,427,958	\$ 58	\$ 58
TANF Administration	93.558	226, 341	185,353	-	-
TANF Services / Emergency Assistance	93.558	205, 207, 227, 238	1,692,721	-	-
TANF / Domestic Violence Services	93.558	278	13,479	-	-
TANF CPS & FC / Adoption Services	93.558	358	121,631	-	-
Work First Demo	93.558	137, 143-332	85,735	-	5,708
TANF Incentives	-	268	-	1,817	-

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Cleveland County, North Carolina
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Federal Awards: (continued from previous page)					
AFDC Payments and Penalties - direct benefit payments (reimbursements)	93.560	-	(344)	(94)	(94)
AFDC Unemployed Parents - direct benefit payments (reimbursements)	93.560	-	(146)	-	-
<u>Child Support Enforcement Funds:</u>					
AFDC Share / Return	93.563	-	85,472	-	-
Incentive Regular	93.563	-	237,642	-	-
Intercept Fees / Federal Offset / Blood Test	93.563	-	2,312	-	-
IV-E Share / Return	-	-	-	7,837	-
SFHF Share / Return	-	-	-	21,081	-
<u>Total Child Support Enforcement Funds:</u>			325,427	28,918	-
AFDC Withhold	93.563	266	(110)	-	-
IV-D AFDC / Non-AFDC	93.563	430	934,757	-	480,301
IV-D Blood Test	93.563	432	322	-	166
IV-D Cooperative Agreement	93.563	449, 450	22,937	-	11,816
IV-D Cost Recovery	93.563	436	(2,806)	-	(1,446)
IV-D Government Service Contract	93.563	423	58	-	30
IV-D Non-AFDC	93.563	435	(1,521)	-	(784)
IV-D Offset Fees Federal - non-direct benefits	93.563	443	(3,643)	-	-
IV-D Offset Fees ESC - non-direct benefits	93.563	437	(745)	-	-
AFDC Incentives / Program Integrity	-	267	-	56	-
Crisis Intervention Planning Services	93.568	372, 053	366,043	-	-
Energy Assistance - direct benefit payments	93.568	-	298,424	-	-
Energy Assistance Services	93.568	406	33,586	-	-
Permanency Planning - Regular	93.645	392	25,214	8,405	-
Permanency Planning - Special	93.645	368, 464, 465	8,686	-	2,895
Social Services Block Grant	93.667	394, 395	\$ 360,989	\$ -	\$ 120,330
SSBG Special ADC	93.667	036, 038	11,445	9,030	2,925
SSBG State Services Support	93.667	482	-	6,485	2,162
Social Services Block Grant - TANF	93.667	050	65,035	-	21,678
LINKS	93.674	290, 291	23,837	5,959	-
Independent Living LINKS - direct benefit payments	93.674	-	1,488	372	-
LINKS Transitional Funds - direct benefit payments	93.674	-	2,082	-	-
TOP Incentives	93.674	270	6,756	-	-
DOR Incentives	93.674	269	848	-	-
N. C. Health Choice	93.767	440, 441, 483	62,240	93	14,931
<u>Total U.S. Dept. of Health and Human Services</u>			107,875,001	50,819,257	9,242,369
<u>U.S. Dept. of Housing and Urban Development</u>					
<u>Passed-through N.C. Dept of Commerce,</u>					
<u>thru Isothermal Planning and Development</u>					
Community Development Block Grant	14.228	04-C-1288	97,057	-	-
<u>U.S. Dept. of the Interior</u>					
<u>Direct program:</u>					
2007 Historic Preservation	15.904		10,000	-	-

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Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State or Pass-Thru Grantor Number	Federal (Direct and Pass-Thru) Expenditures	State (Direct and Pass-Thru) Expenditures	County Expenditures
Federal Awards: (continued from previous page)					
<u>U.S. Dept. of Justice</u>					
<u>Direct Program:</u>					
State Criminal Alien Assistance Program	16.606	2006-AP-BX-0338	3,227	-	-
Bulletproof Vests	16.607	-	3,200	-	3,200
JAG Grant	16.738	-	30,062	-	-
<u>Total U.S. Dept. of Justice</u>			<u>36,489</u>	<u>-</u>	<u>3,200</u>
<u>U.S. Dept. of the Treasury</u>					
<u>Direct program:</u>					
U.S. Immigration and Customs Enforcement	16.578	NC0230000	232,890	-	36,861
<u>Total U.S. Dept. of the Treasury</u>			<u>232,890</u>	<u>-</u>	<u>36,861</u>
<u>U.S. Election Assistance Commission</u>					
<u>Passed-through State Board of Election</u>					
HAVA Grant - Voting System	90.401	-	-	48,878	-
<u>U.S. Federal Emergency Management Agency</u>					
<u>Passed through NC Dept. of Crime Control and Public Safety:</u>					
Emergency Management Program	83.552	EMPG-2005-37045	22,069	-	-
<u>Passed through Hyde County, North Carolina</u>					
Disaster Response			14,133	-	-
<u>Total U.S. Federal Emergency Management Agency</u>			<u>36,202</u>	<u>-</u>	<u>-</u>
<u>Total Federal Awards</u>			<u>128,931,361</u>	<u>50,868,135</u>	<u>10,019,489</u>
State Awards:					
<u>N.C. Dept. of Administration</u>					
Veteran Services		-	-	2,000	50,033
<u>N.C. Dept. of Commerce</u>					
NC One grant		O-2006-0058/0433	-	133,000	-
<u>N.C. Dept. of Corrections</u>					
Criminal Justice Partnership Program		-	-	101,381	-
<u>N.C. Dept. of Crime Control & Public Safety</u>					
Swiftwater Grant		-	-	5,792	-
<u>N.C. Dept. of Cultural Resources</u>					
Library State Aid Grant		-	-	161,645	816,406
<u>N.C. Dept. of Environment and Natural Resources:</u>					
Environmental Health		4751	-	4,500	-
Food and Lodging		4752	-	15,216	-
Summer Food		4753	-	56,424	-
Child Lead Poisoning		4760	-	2,000	-
Funds for Soil and Water Conservation District		-	-	27,648	50,067
Scrap Tire Disposal		-	-	26,279	-
White Goods Management		-	-	60,568	-
<u>Total N.C. Dept. of Environment and Natural Resources:</u>			<u>-</u>	<u>192,634</u>	<u>50,067</u>

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**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2008**

**IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS
E. Schedule of Expenditures of Federal and State Awards**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State or Pass-Thru Grantor Number	Federal (Direct and Pass-Thru) Expenditures	State (Direct and Pass-Thru) Expenditures	County Expenditures
State Awards: (continued from previous page)					
<u>N.C. Dept. of Health and Human Services</u>					
<u>Division of Child Development:</u>					
Smart Start Day Care		398	-	112,854	-
<u>Division of Public Health</u>					
General		4110	-	104,087	-
Child Lead Poisoning		3001	-	2,000	-
Tuberculosis		4551	-	14,021	-
Women's Preventive Health		4106	-	1,354	-
TB Medical Service		4554	-	1,529	-
Co-Location Mental Health Project		-	-	25,000	-
<u>Division of Social Services:</u>					
Blind Aid		-	-	108	-
State Adult Protective Services		098,099	-	73,299	-
State Appropriation		447	-	81,102	-
State-County / Special Assistance Domiciliary Care - direct benefit payments		-	-	1,367,563	1,367,563
<u>Office of Emergency Medical Services</u>					
HRSA Project 2		-	-	1,319	-
Support Trailers Project 5		-	-	14,929	-
SMAT III Sustainment Project 11		-	-	6,622	-
SMAT III Pharmaceuticals Project 12		-	-	3,242	-
Pandemic Flu SMAT		-	-	9,220	-
<u>Passed through the Cleveland County Partnership for Children:</u>					
Smart Start Services		-	-	148,533	-
<u>Total N. C. Dept. of Health and Human Services</u>			-	1,966,783	1,367,563
<u>N.C. Dept. of Transportation</u>					
<u>Rural Operating Assistance Program Cluster:</u>					
Elderly and Disabled Transportation Assistance		-	\$ -	\$ 67,867	\$ -
Rural General		-	-	61,245	-
Workfirst Transportation		-	-	16,954	-
<u>Total Rural Operating Assistance Program Cluster:</u>			-	146,066	-
<u>Total N.C. Dept. of Transportation</u>			-	146,066	-
<u>N.C. Office of Juvenile Justice</u>					
Juvenile Crime Prevention Council		-	-	278,269	-
<u>N.C. Office of State Budget:</u>					
Public School Building Capital Fund - ADM			-	773,066	984,526
Public School Building Capital Fund - Lottery			-	725,000	-
<u>Total N.C. Office of State Budget:</u>			-	1,498,066	984,526
<u>N.C. Office of State Controller:</u>					
Controlled Substances Tax		-	-	44,898	4,885
<u>N.C. Rural Economic Development Center</u>					
Double Shoals Cotton Mill Rehabilitation		2007-109-60501-107	-	17,500	2,813
PEG Channel Capital Equipment		2008-107-80315-102	-	24,998	25,000
<u>Total N.C. Rural Economic Development Center</u>			-	42,498	27,813

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IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS
E. Schedule of Expenditures of Federal and State Awards

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State or Pass-Thru Grantor Number	Federal (Direct and Pass-Thru) Expenditures	State (Direct and Pass-Thru) Expenditures	County Expenditures
State Awards: (continued from previous page)					
<u>N.C. State University</u>					
Seasonal Tailgate Market		-	-	2,500	2,500
<u>Total State Awards</u>			-	4,854,599	3,303,793
<u>Total Federal and State Awards</u>			\$128,931,361	\$ 55,722,734	\$ 13,323,282

**Cleveland County, North Carolina
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IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS

E. Schedule of Expenditures of Federal and State Awards

1. Notes to Schedule of Expenditures of Federal and State Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the County and is presented 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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements. For example, direct benefit payments are paid directly to recipients and are only included in the County's general purpose financial statements as part of Note 2. See "Benefit payments (reimbursements) issued by (to) the State" under Note 2, Summary of Significant Accounting Policies. Due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2. Subrecipients

Of the federal and State expenditures presented in the schedule, the County provided federal and state awards to subrecipients as follows:

Program Title	Federal CFDA Number	State or Pass-Thru Grantor Number	Federal (Direct and Pass-Thru) Expenditures	State (Direct and Pass-Thru) Expenditures	County Expenditures
Emergency Food Program (Commodities)					
Shelby Lions Club	10.569	-	\$ 138,472	\$ -	\$ -
Juvenile Crime Prevention Council					
Cleveland County Schools - Early Interventions			\$ -	\$ 78,857	\$ -
Communities in Schools - Teen Court			-	15,332	-
Alexander Youth Network - Multisystemic Therapy			-	15,000	-
Mediation Center - Juvenile Mediation			-	16,221	-
Total Juvenile Crime Prevention Council			\$ -	\$ 125,410	\$ -
Rural Operating Assistance Program					
Transportation Assistance of Cleveland County			\$ -	\$ 129,112	\$ -

3. Pass-thru Grant Awards from Jointly Governed Organization (Isothermal Planning and Development Commission)

Program Title	Federal CFDA Number	State or Pass-Thru Grantor Number	Federal (Direct and Pass-Thru) Expenditures	State (Direct and Pass-Thru) Expenditures	County Expenditures
<u>U.S. Dept. of Health & Human Services</u>					
<u>Passed-through the N.C. Dept. of Health and Human Services:</u>					
<u>Divisions of Aging (thru Isothermal Planning and Development) and Social Services</u>					
III-B Grants for Supportive Services and Senior Centers - In Home Services	93.044	-	\$ 124,825	\$ 7,342	\$ -
<u>U.S. Dept. of Housing and Urban Development</u>					
<u>Passed-through N.C. Dept of Commerce, thru Isothermal Planning and Development</u>					
Community Development Block Grant	14.228	04-C-1288	97,057	-	-
Total pass-thru grants awards from IPDC			\$ 221,882	\$ 7,342	\$ -

**Cleveland County, North Carolina
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IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS

E. Schedule of Expenditures of Federal and State Awards

1. Notes to Schedule of Expenditures of Federal and State Awards

4. Benefit payments (reimbursements) issued by (to) the State

Program Title	Federal CFDA Number	State or Pass-Thru Grantor Number	Federal (Direct and Pass-Thru) Expenditures	State (Direct and Pass-Thru) Expenditures	County Expenditures
Women, Infants, Children	10.557	-	\$ 2,003,951	\$ -	\$ -
Food Stamps	10.551	-	17,368,762	-	-
Medical Assistance	93.778	-	91,346,992	47,471,112	6,331,696
Participation in Budgeted County Expenditures					
Independent Living Links	93.674		1,488	372	-
Links Transitional Funds	93.674		2,082	-	-
IV-E Adoption Subsidy	93.659	-	370,792	105,464	105,464
Energy Assistance Payments	93.568	-	298,424	-	-
AFDC Payments and Penalties	93.560	-	(344)	(94)	(94)
AFDC Transitional Child Care Payments	93.560	-	(146)	-	-
TANF Payments and Penalties	93.558	-	1,427,958	58	58
TANF Unemployed Parents Assistance	93.558	-			
Child Welfare Services Adoption			-	325,183	93,211
State-County / Special Assistance Domiciliary Care Payments			-	1,367,563	1,367,563
Total participation in budgeted county expenditures			<u>2,100,254</u>	<u>1,798,545</u>	<u>1,566,201</u>
Total direct benefit payments			<u>\$112,819,959</u>	<u>\$ 49,269,657</u>	<u>\$ 7,897,897</u>

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