

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2009**

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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**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2009**

**IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS
A. Reports from the Independent Auditor**

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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, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 15, 2009. 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, 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, 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 15, 2009

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

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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, 2009. Cleveland 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 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 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 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, 2009.

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 non-compliance 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 non-compliance 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 non-compliance 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 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 15, 2009

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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, 2009. Cleveland 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 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 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 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, 2009.

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 non-compliance 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 non-compliance 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 non-compliance 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 15, 2009

CLEVELAND COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

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 non-compliance 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, 2009 are:

<u>Program Name</u>	<u>CFDA#</u>
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, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2009

Major State programs for Cleveland County, North Carolina for the fiscal year ended June 30, 2009 are:

<u>Program Name</u>	<u>CFDA#</u>
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, 2009**

None.

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2009**

**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. Department of Agriculture</u>					
<u>Passed-through N.C. Dept. of Agriculture:</u>					
Emergency Food Program (Administration)	10.568	-	\$ 21,268	\$ -	\$ -
Emergency Food Program (Commodities)	10.569	-	236,726	-	-
<u>Division of Public Health</u>					
Special Supplemental Nutrition Program for Women, Infants, and Children - direct benefit payments	10.557	-	2,160,954	-	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5403, -4, -5, -9	420,931	-	-
<u>Division of Social Services:</u>					
<u>Food Stamp Cluster:</u>					
Food Stamps - direct benefit payments	10.551	-	23,275,202	-	-
Food Stamps Claims Collect	10.551	454	(20,493)	-	-
Food Stamps Incentive Retention	10.551	455	18,407	-	-
Food Stamps Administration	10.561	404, 417, 408, 89	708,764	-	703,561
Food Stamps Employment and Training	10.561	458	2,313	-	2,313
Food Stamps Fraud	10.561	405	30,685	-	30,685
<u>Total Food Stamp Cluster</u>			<u>24,014,878</u>	<u>-</u>	<u>736,559</u>
<u>Total U.S. Dept. of Agriculture</u>			<u>26,854,757</u>	<u>-</u>	<u>736,559</u>
<u>U.S. Department of Health and Human Services</u>					
<u>Passed-through the N.C. Department 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	-	132,682	7,805	-
Social Services Block Grant - In-Home Services	93.667	022	14,837	-	2,119
<u>Total Aging Cluster</u>			<u>147,519</u>	<u>7,805</u>	<u>2,119</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	1,302,535	-	-
Child Care and Development Fund -- Admin.	93.596	364	176,040	-	-
Child Care and Development Fund -- Mandatory	93.596	M*23	591,876	-	-
Child Care and Development Fund -- Match	93.596	V*23	563,403	310,751	-
<u>Total Child Care Development Fund Cluster:</u>			<u>2,633,854</u>	<u>310,751</u>	<u>-</u>
Temporary Assistance for Needy Families - Child Care	93.558	T223	687,012	-	-
Social Services Block Grant - Child Care	93.667	Q423, 460, 467	10,396	-	227,544
Smart Start	-	4023, 347, 438	-	1,944	3,457
State and Local Appropriations	-	0023	-	88,428	-
TANF-MOE	-	T623	-	428,517	-
<u>Total Subsidized Child Care Cluster:</u>			<u>3,331,262</u>	<u>829,640</u>	<u>231,000</u>
<u>Passed-through the University of NC-Chapel Hill:</u>					
Quality Enhancement Project - Infants	93.994	-	34,692	-	-

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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	-	110,895,896	42,640,127	2,701,146
Adult Care Home CM	93.778	211	19,089	9,545	9,545
At-Risk CM	93.778	-	18,498	-	-
At-Risk CM Settlement	93.778	-	9,488	-	-
Medical Assistance Administration	93.778	412	1,137,116	-	1,137,116
Medical Assistance Expansion	93.778	477	21,850	21,850	-
Medical Transportation Administration	93.778	375	43,938	-	43,938
Medical Transportation Services	93.778	377	487,260	221,386	-
Special Adult Home	93.778	128, 131	51,297	31,133	20,164
Non-Reimbursed Medical CMS		286	-	-	37,168
<u>Total Medicaid Assistance Cluster:</u>			112,684,433	42,924,041	3,949,077
Alternate Non-Emergency-ER Diversion	93.790	-	70,000	14,840	-
<u>Division of Public Health</u>					
Family Planning	93.217	592C	25,083	-	-
Immunization Program/Aid to County Funding	93.268	6025, 631D	33,388	-	-
Bioterrorism Grant	93.283	2681	102,271	36,947	-
TANF - Public Health	93.558	5151	14,132	-	-
Ryan White / HIV Care Formula Grant	93.917	5596	112,680	-	-
HIV Prevention Activities	93.940	433B	35,829	-	-
Preventive Health and Health Services Block Grant - Statewide Health Promotion Program	93.991	5503	22,274	17,844	-
Maternal and Child Health Services Block Grant	93.994	57XX, 601X, 53XX	132,686	99,526	-
<u>Division of Social Services:</u>					
<u>Foster Care and Adoption Assistance Cluster:</u>					
TEA & TEA Max	93.558	280, 281	(163)	-	-
IV-E Admin	93.658	-	15,680	7,352	8,609
IV-E Child Protective Services	93.658	072, 074	336,754	117,827	218,926
IV-E Family Max	93.658	-	2,123	-	1,163
IV-E Foster Care, Optional Fund	93.658	96, 97, 132, 302, 407	464,591	-	459,914
IV-E Foster Care	93.658	-	342,638	94,152	94,147
IV-E Max & Max Level III	93.658	-	268,394	70,153	76,955
IV-E, IV-B, and State Vendor	93.658	-	14,854	12,973	-
IV-E Adoption Subsidy - direct benefit payments	93.659	-	492,313	93,685	127,853
Child Welfare Services Adoption Subsidy - direct benefit payments	-	-	-	377,365	109,357
At-Risk Max - direct benefit payments	-	-	-	14,790	8,125
Special Provision - direct benefit payments	-	-	-	80,576	-
State-County/Special Assistance Domicillary Care Payments - direct benefit payments	-	-	-	1,346,748	1,346,748
State Foster Home	-	-	-	137,193	137,193
Special Needs Adoption	-	-	-	43,972	-
Foster Care, Caseworker	-	109	-	-	15,339
State Max	-	-	-	100,572	100,572
<u>Total Foster Care and Adoption Assistance Cluster:</u>			1,937,185	2,497,358	2,704,901

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**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**

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)					
TANF Payments and Penalties - direct benefit payments	93.558	-	1,463,379	(149)	319
TANF Administration	93.558	226	192,037	-	-
TANF Services/Child Services	93.558	205-207, 238	1,813,645	-	-
TANF/Domestic Violence Services	93.558	278	31,823	-	807
TANF CPSand FC/Adoption Services	93.558	341, 358	25,848	-	-
Work First Demo	93.558	138, 142, 332	127,192	-	-
Work First	93.558	221, 232-235	-	-	154,639
Work First Administration	93.558	048	-	-	128,988
Work First/Child Care	93.558	225	-	-	508
Work First Services	93.558	049	-	-	1,112,584
Work First Functional Assessment	93.558	118	18,825	-	-
TANF CPS	-	371	-	-	59
TAN SSBG	-	471	-	-	153,526
TANF Incentives	-	268	-	4,163	-
AFDC Payments and Penalties - direct benefit payments (reimbursements)	93.560	-	(1,544)	(423)	(423)
AFDC Unemployed Parents - direct benefit payments (reimbursements)	93.560	-	(233)	(64)	(64)
<u>Child Support Enforcement Funds:</u>					
AFDC Share/Return	93.563	-	85,472	-	-
Incentive Regular	93.563	-	250,840	-	-
Intercept Fees/Federal Offset/Blood Test	93.563	-	15,464	-	-
IV-E Share/Return	-	-	-	12,047	-
SFHF Share/Return	-	-	-	25,430	-
<u>Total Child Support Enforcement Funds:</u>			<u>351,776</u>	<u>37,477</u>	<u>-</u>
IV-D Offset Fees Federal - direct benefit payments	93.563	-	1,006	-	518
IV-D Offset Fees ESC - direct benefit payments	93.563	-	9,327	-	4,805
AFDC Withhold	93.563	225	(110)	-	-
IV-D AFDC/Non-AFDC	93.563	202, 430	1,047,958	-	539,857
IV-D Blood Test	93.563	432	370	-	-
IV-D Cooperative Agreement	93.563	450	24,298	-	12,517
IV-D Cost Recovery	93.563	436	(3,468)	-	(1,787)
IV-D Government Service Contract	93.563	423, 449	2,834	-	1,460
IV-D Non-AFDC	93.563	435	(1,455)	-	(750)
IV-D Offset Fees Federal - non-direct benefits	93.563	443	(3,844)	-	-
IV-D Offset Fees ESC - non-direct benefits	93.563	437	(522)	-	-
IV-D Non-Reimbursable Incentives	-	123	-	-	2
AFDC Incentives/Program Integrity	-	267	-	259	-
Crisis Intervention Planning Services	93.568	372, 379	657,444	-	-
Energy Assistance - direct benefit payments	93.568	-	798,031	-	-
Energy Assistance Services	93.568	406	78,914	-	-
Energy Assistance - Non-Refundable	-	442	-	-	53,798
Permanency Planning - Regular	93.645	392	18,995	6,332	-
Permanency Planning - Special	93.645	368, 464, 465	6,156	-	50,751

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Cleveland County, North Carolina
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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)					
Social Services Block Grant	93.667	394, 395	\$ 323,399	\$ -	\$ 107,800
SSBG Special ADC	93.667	036, 038	11,108	9,367	2,925
SSBG State Services Support	93.667	482	-	41,522	13,841
Social Services Block Grant - TANF	93.667	050	57,414	-	19,138
LINKS	93.674	290, 291	26,651	6,663	12,036
LINKS Transitional Funds - direct benefit payments	93.674	-	4,812	-	-
TOP Incentives	93.674	270	8,905	-	-
DOR Incentives	93.674	269	1,091	-	-
N. C. Health Choice	93.767	440, 441, 483	70,729	5,049	18,324
<u>Passed-through Carolina Healthcare Systems:</u>					
Bioterrorism Preparedness Program	93.889	-	17,734	-	-
<u>Total U.S. Dept. of Health and Human Services</u>			<u>128,497,811</u>	<u>46,848,948</u>	<u>9,273,276</u>
<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-Sewer	14.228	07-E-1740	186,722	-	-
Community Development Block Grant-Housing	14.228	07-C-1657	202,125	-	-
<u>Total U.S. Dept. of Housing and Urban Development</u>			<u>388,847</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of the Interior</u>					
<u>Direct program:</u>					
2007 Historic Preservation	15.904		1,000	-	-
<u>Total U.S. Dept. of the Interior</u>			<u>1,000</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Justice</u>					
<u>Direct Program:</u>					
State Criminal Alien Assistance Program	16.606	-	4,166	-	-
JAG Grant	16.738	2007-DJ-BX-1252	706	-	-
JAG Grant	16.738	2006-DJ-BX-0666	28	-	-
<u>Total U.S. Dept. of Justice</u>			<u>4,900</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of the Treasury</u>					
<u>Direct program:</u>					
U.S. Immigration and Customs Enforcement	16.578	NC0230000	227,050	-	20,351
<u>Total U.S. Dept. of the Treasury</u>			<u>227,050</u>	<u>-</u>	<u>20,351</u>
<u>U.S. Election Assistance Commission</u>					
<u>Passed-through State Board of Election</u>					
HAVA Grant - Voting System	90.401	-	97,803	-	-
<u>U.S. Federal Emergency Management Agency</u>					
<u>Direct program:</u>					
Emergency Response / Swiftwater Rescue	97.036	-	5,643	-	-
Disaster Response - Hyde County	-	-	1,782	-	-
<u>Passed through N.C. Dept. of Crime Control and Public Safety:</u>					
Emergency Management Program	83.552	-	28,177	-	-
<u>Total U.S. Federal Emergency Management Agency</u>			<u>35,601</u>	<u>-</u>	<u>-</u>

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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

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. National Foundation on the Arts and the Humanities</u>					
<u>Passed through N.C. Department of Cultural Resources:</u>					
LSTA Automation System Grant	45.310	-	\$ 15,000	\$ -	\$ 559
<u>Total U.S. National Foundation on the Arts and the Humanities</u>			<u>15,000</u>	<u>-</u>	<u>559</u>
<u>Total Federal Awards</u>			<u>156,122,769</u>	<u>46,848,948</u>	<u>10,030,745</u>
State Awards:					
<u>N.C. Department of Administration</u>					
Veteran Services		-	-	2,000	69,001
<u>N.C. Department of Commerce</u>					
NC One grant		O-2006-0058/0433	-	388,500	614,903
<u>N.C. Department of Corrections</u>					
Criminal Justice Partnership Program		-	-	105,493	180
<u>N.C. Department of Cultural Resources</u>					
Library State Aid Grant		-	-	148,448	866,864
<u>N.C. Department of Environment and Natural Resources:</u>					
Environmental Health		4751	-	4,000	-
Food and Lodging		4752	-	10,009	-
Summer Food		4753	-	2,500	-
Child Lead Poisoning		4760	-	500	-
Parks and Recreation Trust Fund		-	-	174,739	-
Funds for Soil and Water Conservation District		-	-	21,887	52,380
Scrap Tire Disposal		-	-	3,856	-
<u>Total N.C. Department of Environment and Natural Resources:</u>			<u>-</u>	<u>217,490</u>	<u>52,380</u>
<u>N.C. Department of Health and Human Services</u>					
<u>Division of Child Development:</u>					
Smart Start Day Care		398	-	140,504	-
<u>Division of Public Health</u>					
General		1410-4110-0023	-	269,892	-
Public Health Nurse Training		1430-4301-0023	-	800	-
Communicable Disease		1451-4510-0023	-	5,465	-
Tuberculosis		1451-4551-0023	-	19,568	-
TB Medical Service		1451-4554-0023	-	1,529	-
Women's Preventive Health		1511-601X-FR23	-	8,702	-
School Nurse Funding Initiative		1535-5358-0023	-	146,490	-
Public Health Lab		1560-5602-0023	-	1,542	-
<u>Division of Social Services:</u>					
Blind Aid		-	-	112	-
State Adult Protective Services		098, 099	-	77,950	58,534
State Appropriation		447	-	81,102	-
Special Assistance Administration		414	-	-	69,546

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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>Office of Administration and Support</u>					
Community Care Project		-	\$ -	\$ 100,000	\$ -
Pediatric Obesity		-	-	15,000	-
Elevator Construction		-	-	150,000	-
E-Prescribe Initiative		-	-	25,000	-
<u>Office of Emergency Medical Services</u>					
EMS Toolkit		-	-	24,479	-
Support Trailers Project 5		-	-	71	-
SMAT III Sustainment Project 11		-	-	1,378	-
<u>Passed through the Cleveland County Partnership for Children:</u>					
Smart Start Services		-	-	165,404	-
<u>Total N. C. Department of Health and Human Services</u>			-	1,234,988	128,080
<u>N.C. Department of Transportation</u>					
<u>Rural Operating Assistance Program Cluster:</u>					
Elderly and Disabled Transportation Assistance		-	-	66,702	-
Rural General		-	-	76,081	-
Workfirst Transportation		-	-	20,674	-
<u>Total Rural Operating Assistance Program Cluster:</u>			-	163,457	-
<u>Total N.C. Department of Transportation</u>			-	163,457	-
<u>N.C. Office of Juvenile Justice</u>					
Juvenile Crime Prevention Council		-	-	287,368	-
<u>N.C. Office of State Budget:</u>					
Public School Building Capital Fund - ADM			-	574,641	3,372,943
Public School Building Capital Fund - Lottery			-	1,360,683	-
<u>Total N.C. Office of State Budget:</u>			-	1,935,324	3,372,943
<u>N.C. Office of State Controller:</u>					
Controlled Substances Tax		-	-	30,840	6,662
<u>N.C. Rural Economic Development Center</u>					
Clean Water Partner Infrastructure Study Grant		-	-	40,000	20,000
Sewer Improvements		2008-073-40401-107	-	190,920	20,000
PEG Channel Capital Equipment		2008-247-80315-102	-	24,594	24,594
<u>Total N.C. Rural Economic Development Center</u>			-	255,514	64,594
<u>Total State Awards</u>			-	5,321,379	5,790,509
<u>Total Federal and State Awards</u>			\$ 156,122,769	\$ 52,170,328	\$ 15,821,254

**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 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. For example, direct benefit payments are paid directly to recipients and are only included in the County's basic 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	-	\$ 236,726	\$ -	\$ -
Juvenile Crime Prevention Council					
Cleveland County Schools - Early Interventions			\$ -	\$ 77,851	\$ -
Communities in Schools - Teen Court/Restitution			-	26,617	-
Alexander Youth Network - Multi-systemic Therapy			-	9,926	-
Mediation Center - Juvenile Mediation			-	15,506	-
Total Juvenile Crime Prevention Council			\$ -	\$ 129,900	\$ -
Rural Operating Assistance Program					
Transportation Assistance of Cleveland County			\$ -	\$ 142,783	\$ -

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.S. Department of Health and Human Services					
<u>Passed-through the N.C. Department 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	-	\$ 132,682	\$ 7,805	\$ -
U.S. Dept. of Housing and Urban Development					
<u>Passed-through N.C. Dept of Commerce,</u>					
<u>thru Isothermal Planning and Development</u>					
Community Development Block Grant-Sewer	14.228	07-E-1740	186,722	-	-
Community Development Block Grant-Housi	14.228	07-C-1657	202,125	-	-
Total pass-thru grants awards from IPDC			\$ 521,529	\$ 7,805	\$ -

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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, and Children	10.557	-	\$ 2,160,954	-	-
Food Stamps	10.551	-	23,275,202	-	-
Medical Assistance	93.778	-	110,895,896	42,640,127	2,701,146
Participation in Budgeted County Expenditures					
IV-D Offset Fees-ESC	93.563	-	1,006	-	518
IV-D Offset Fees-Federal	93.563	-	9,327	-	4,805
Independent Living Links	93.674	-	-	-	-
Links Transitional Funds	93.674	-	4,812	-	-
IV-E Adoption Subsidy	93.659	-	492,313	93,685	127,853
Energy Assistance Payments	93.568	-	798,031	-	-
AFDC Payments and Penalties	93.560	-	(1,544)	(423)	(423)
AFDC Unemployed Parents Assistance	93.560	-	(233)	(64)	(64)
TANF Payments and Penalties	93.558	-	1,463,379	(149)	319
Child Welfare Services Adoption Subsidy	-	-	-	377,365	109,357
State-County/Special Assistance					
Domicillary Care Payments		-	-	1,346,748	1,346,748
Total participation in budgeted county expenditures			<u>2,767,093</u>	<u>1,817,162</u>	<u>1,589,113</u>
Total direct benefit payments			<u>\$ 139,099,145</u>	<u>\$ 44,457,289</u>	<u>\$ 4,290,259</u>

5. 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, Foster Care and Adoption.