

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2010
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 basic 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, 2010, not presented here, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 15, 2010. We conducted our audit in accordance with generally accepted auditing standards 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 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, 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, 2010

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

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Report On Compliance With Requirements That Could Have a Direct and Material Effect On 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. Cleveland County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Responses. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 the 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 weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 Cleveland County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 15, 2010. Our audit was performed for the purpose of forming an opinion on financial statements that collectively comprise the basic financial statements of Cleveland County, North Carolina. The accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Not-Profit Organizations*, and the State Single Audit Implementation Act, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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, management, 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.

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October 15, 2010

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Report On Compliance With Requirements That Could Have a Direct and Material Effect On 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 applicable sections of OMB Circular A-133 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 its major State programs for the year ended June 30, 2010. Cleveland County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Responses. 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 applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, 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 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 could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

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 and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, 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 the County's internal control over compliance.

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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 Cleveland County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 15, 2010. Our audit was performed for the purpose of forming an opinion on financial statements that collectively comprise the basic financial statements of Cleveland County, North Carolina. The accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Not-Profit Organizations*, and the State Single Audit Implementation Act, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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, management, 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, 2010

CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2010

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, 2010 are:

<u>Program Name</u>	<u>CFDA#</u>
Title XIX Medicaid Cluster	93.778
Temporary Assistance For Needy Families	93.558
Subsidized Childcare Cluster	93.558, 93.575, 93.596, 93.667
Foster Care and Adoption Cluster	93.658, 93.659
Supplemental Nutrition Assistance Program:	
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

CLEVELAND COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2010

- I. Major State programs for Cleveland County, North Carolina for the fiscal year ended June 30, 2010 are:

Parks and Recreation Trust Fund

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

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

2. Findings Related to the Audit of the Basic Financial Statements

None

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

None

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

None

CLEVELAND COUNTY, NORTH CAROLINA

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010**

None.

Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2010
IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS
D. 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	-	\$ 23,031	\$ -	\$ -
Emergency Food Program (Commodities)	10.569	-	315,688	-	-
<u>Division of Public Health</u>					
Special Supplemental Nutrition Program for Women, Infants, and Children - direct benefit payments	10.557	-	2,024,649	-	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	5403, -4, -5, -9	488,739	-	-
Special Supplemental Nutrition Program for	10.559	5767	887	-	-
<u>Division of Social Services:</u>					
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster:</u>					
Food Stamps Claims Collect	10.551	454	(9,307)	-	-
Food Stamps Incentive Retention	10.551	455	15,215	-	-
Food and Nutrition Services Contingency	10.561	031	47,859	-	-
Food and Nutrition Services Recovery	10.561	087, 089	103,572	-	-
Food Stamps Administration	10.561	404, 417, 408, 89	719,406	-	719,406
Food Stamps Employment and Training	10.561	458	38	-	38
Food Stamps Fraud	10.561	405	16,790	-	16,790
<u>Total Supplemental Nutrition Assistance Program (SNAP) Cluster</u>			<u>893,572</u>	<u>-</u>	<u>736,233</u>
<u>Total U.S. Dept. of Agriculture</u>			<u>3,746,565</u>	<u>-</u>	<u>736,233</u>
<u>U.S. Dept. of Health and 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	-	122,866	7,225	-
Social Services Block Grant - In Home Services	93.667	022	14,695	-	2,099
<u>Total Aging Cluster</u>			<u>137,561</u>	<u>7,225</u>	<u>2,099</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	1,662,912	-	-
Child Care and Development Fund -- Admin.	93.596	364	170,794	-	-
Child Care and Development Fund -- Mandatory	93.596	M*23	492,046	-	-
Child Care and Development Fund -- Match	93.596	V*23	635,682	341,368	-
Child Care and Development Fund -- ARRA	93.713		380,920	-	-
<u>Total Child Care Development Fund Cluster:</u>			<u>3,342,354</u>	<u>341,368</u>	<u>-</u>
Temporary Assistance for Needy Families - Child Care	93.558	T223	432,904	-	-
Social Services Block Grant - Child Care Smart Start	93.667	Q423, 460, 467 4023, 347, 438	20,932	-	299,711
State & Local Appropriations	-	0023	-	35,736	-
TANF-MOE	-	T623	-	153,277	-
<u>Total Subsidized Child Care Cluster:</u>			<u>3,796,190</u>	<u>1,151,001</u>	<u>299,711</u>

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Federal Awards: (continued from previous page)					
<u>Passed-through the Univ. of NC-Chapel Hill:</u>					
Quality Enhancement Project - Infants	93.994	-	\$ 23,906	\$ -	\$ -
<u>Division of Medical Assistance:</u>					
<u>Medicaid Assistance Cluster:</u>					
Medicaid Assistance Program - direct benefit payments	93.778	-	119,823,589	41,345,802	84,358
Adult Care Home CM	93.778	211	14,591	7,295	7,295
At-Risk CM	93.778	-	23,540	-	-
At-Risk CM Settlement	93.778	-	7,787	-	-
Medical Assistance Administration	93.778	412	1,159,737	-	1,159,737
Medical Assistance Expansion	93.778	477	21,526	21,526	-
Medical Transportation Administration	93.778	375	59,850	-	59,850
Medical Transportation Services	93.778	377	855,200	286,801	-
Special Adult Home	93.778	128, 131	48,121	26,679	21,441
Non-Reimbursed Medical CMS		286	-	-	52,455
<u>Total Medicaid Assistance Cluster:</u>			<u>122,013,941</u>	<u>41,688,103</u>	<u>1,385,137</u>
Alternate Non-Emergency-ER Diversion	93.790	-	35,000	-	-
<u>Division of Public Health</u>					
Family Planning	93.218	592D	33,580	-	-
Immunization Program/Aid to County Funding	93.268	6025, 631D	37,388	-	-
Bioterrorism Grant	93.283	190X, 2680, 310C, 540B	445,452	46,243	-
TANF - Public Health	93.558	5151	14,132	-	-
Immunization Program - ARRA	93.712	8700	43,316	-	-
Ryan White / HIV Care Formula Grant	93.917	5596	72,985	-	-
HIV Prevention Activities	93.940	433B	20,071	5,465	-
Preventive Health and Health Services Block Grant - State-wide Health Promotion Program	93.991	5503	21,972	47,742	-
Maternal and Child Health Services Block Grant	93.994	57XX, 601X, 53XX	334,818	11,858	-
<u>Division of Social Services:</u>					
<u>Foster Care and Adoption Assistance Cluster:</u>					
IV-E Admin	93.658	-	14,685	7,343	7,343
IV-E Child Protective Services	93.658	072, 074	331,327	94,945	236,382
IV-E Family Max	93.658	-	5,487	-	2,966
IV-E Foster Care, Optional Fund	93.658	96, 97, 132, 302, 407	518,191	-	509,891
IV-E Foster Care	93.658	-	336,748	90,475	90,468
IV-E Foster Care (ARRA)	93.658	-	34,410	-	-
IV-E Max & Max Level III	93.658	-	254,737	66,358	70,394
IV-E, IV-B, and State Vendor	93.658	-	13,072	4,955	-
IV-E Adoption Subsidy - direct benefit payments	93.659	-	669,292	134,915	141,177
Child Welfare Services Adoption Subsidy - direct benefit payments	-	-	-	427,560	123,515
At-Risk Max	-	-	-	10,613	5,716
Special Provision	-	-	-	86,211	-
State-County / Special Assistance Domicillary Care Payments - direct benefit payments	-	-	-	1,212,847	1,212,847
State Foster Home	-	-	-	152,145	152,144
Foster Care, Caseworker	-	109	-	-	12,947
State Max	-	-	-	210,797	210,796
<u>Total Foster Care and Adoption Assistance Cluster:</u>			<u>2,177,950</u>	<u>2,499,164</u>	<u>2,776,587</u>

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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)					
TANF Payments and Penalties - direct benefit payments	93.558	-	\$ 1,463,158	\$ (21)	\$ 5,196
TANF Unemployed Parents - direct benefit payments (reimbursements)	93.558	-	(99)	-	-
TANF Administration	93.558	226	170,355	-	-
TANF Services / Child Services	93.558	205-207, 238	1,549,161	-	-
TANF / Domestic Violence Services	93.558	278	24,388	-	807
TANF CPS and FC / Adoption Services	93.558	341, 358	327,760	-	-
Work First - direct benefit payments	93.558	-	46,719	-	-
Work First	93.558	221, 232-235	-	-	178,122
Work First Administration	93.558	048	-	-	127,919
Work First / Child Care	93.558	225	-	-	1,155
Work First Services	93.558	049	-	-	1,135,669
Work First Functional Assessment	93.558	118	10,700	-	-
Work First non-reimbursable	-	340	-	-	101,118
TANF / SSBG	-	471	-	-	91,463
TANF Incentives	-	268	-	2,219	-
AFDC Payments and Penalties - direct benefit payments (reimbursements)	93.560	-	(943)	(258)	(258)
<u>Child Support Enforcement Funds:</u>					
AFDC Share / Return	93.563	-	47,551	-	-
Incentive Regular	93.563	-	322,673	-	-
Intercept Fees / Federal Offset / Blood Test	93.563	-	13,625	-	-
IV-E Share / Return	-	-	-	16,676	-
SFHF Share / Return	-	-	-	36,638	-
<u>Total Child Support Enforcement Funds:</u>			<u>383,849</u>	<u>53,314</u>	<u>-</u>
IV-D Offset Fees Federal - direct benefit payments	93.563	-	930	(45)	524
IV-D Offset Fees ESC - direct benefit payments	93.563	-	6,146	-	3,166
AFDC Withhold	93.563	266	(331)	-	-
IV-D AFDC / Non-AFDC	93.563	202, 430	1,029,084	-	530,134
IV-D Blood Test	93.563	432	143	-	-
IV-D Cooperative Agreement	93.563	450	26,966	-	13,891
IV-D Cost Recovery	93.563	436	(2,951)	-	(1,520)
IV-D Government Service Contract	93.563	423, 449	2,335	-	1,203
IV-D Non-AFDC	93.563	435	(1,205)	-	(621)
IV-D Offset Fees Federal - non-direct benefits	93.563	443	(3,300)	-	-
IV-D Offset Fees ESC - non-direct benefits	93.563	437	(481)	(45)	-
AFDC Incentives / Program Integrity	-	267	-	121	-
Crisis Intervention Planning Services	93.568	372, 379	605,203	-	-
Energy Assistance - direct benefit payments	93.568	-	976,121	-	388
Energy Assistance Services	93.568	406	89,588	-	-
Energy Assistance - Non Refundable	-	442	-	-	53,798
Permanency Planning - Regular	93.645	392	18,385	7,208	-
Permanency Planning - Special	93.645	368, 464, 465	7,032	-	9,079
Social Services Block Grant	93.667	394, 395	303,167	-	101,056
SSBG Special ADC	93.667	036, 038	8,483	11,992	2,925
SSBG State Services Support	93.667	482	-	26,981	8,994
Social Services Block Grant - TANF	93.667	050	63,956	-	21,319

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Federal Awards: (continued from previous page)					
LINKS	93.674	290, 291	\$ 26,313	\$ 6,578	\$ -
LINKS Transitional Funds - direct benefit payments	93.674	-	7,384	-	-
TOP Incentives	93.674	270	3,651	-	-
DOR Incentives	93.674	269	544	-	-
N. C. Health Choice	93.767	440, 441, 483	62,492	4,510	15,722
<u>Passed-through Carolina Healthcare Systems:</u>					
Bioterrorism Preparedness Program	93.889	-	71,701	-	-
<u>Total U.S. Dept. of Health and Human Services</u>			<u>136,484,665</u>	<u>45,569,356</u>	<u>6,864,783</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	7,094	-	-
Community Development Block Grant-Housing	14.228	07-C-1657	100,492	-	-
<u>Total U.S. Dept. of Housing and Urban Development</u>			<u>107,586</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Justice</u>					
<u>Direct Program:</u>					
State Criminal Alien Assistance Program	16.606	-	4,744	-	-
JAG Grant	16.738	2007-DJ-BX-1252	14,522	-	-
<u>Total U.S. Dept. of Justice</u>			<u>19,266</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Transportation</u>					
<u>Passed through the NC Dept. of Transportation</u>					
Recreational Trails Program	20.219	-	23,601	-	300,000
<u>Total U.S. Dept. of Transportation</u>			<u>23,601</u>	<u>-</u>	<u>300,000</u>
<u>U.S. Dept. of the Treasury</u>					
<u>Direct program:</u>					
U.S. Immigration and Customs Enforcement	16.578	NC0230000	158,809	-	25,718
<u>Total U.S. Dept. of the Treasury</u>			<u>158,809</u>	<u>-</u>	<u>25,718</u>
<u>U.S. Election Assistance Commission</u>					
<u>Passed-through State Board of Election</u>					
HAVA Grant - Voting System	90.401	-	49,221	-	-
<u>Total U.S. Election Assistance Commission</u>			<u>49,221</u>	<u>-</u>	<u>-</u>
<u>U.S. Federal Emergency Management Agency</u>					
<u>Passed through NC Dept. of Crime Control and Public Safety:</u>					
Homeland Security Grant Program	97.067	-	5,362	-	-
State Homeland Security Program	97.073	-	8,444	-	-
Emergency Management Program	83.552	-	30,385	-	-
<u>Total U.S. Federal Emergency Management Agency</u>			<u>44,191</u>	<u>-</u>	<u>-</u>
<u>U.S. National Foundation on the Arts and the Humanities</u>					
<u>Passed through NC Dept. of Cultural Resources:</u>					
LSTA Automation System Grant	45.310	-	25,355	-	5,588
<u>Total U.S. National Foundation on the Arts and the Humanities</u>			<u>25,355</u>	<u>-</u>	<u>5,588</u>
<u>Total Federal Awards</u>			<u>140,659,260</u>	<u>45,569,356</u>	<u>7,932,322</u>

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Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2010
IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS
D. 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:					
<u>N.C. Dept. of Administration</u>					
Gates, Staying Connected		-	\$ -	\$ 1,065	\$ -
Veteran Services		-	-	2,000	(2,000)
Total N.C. Dept. of Administration:			-	3,065	(2,000)
<u>N.C. Dept. of Commerce</u>					
NC One grant		O-2006-0350	-	112,500	-
<u>N.C. Dept. of Corrections</u>					
Criminal Justice Partnership Program		-	-	97,525	-
<u>N.C. Dept. of Cultural Resources</u>					
Library State Aid Grant		-	-	148,043	890,991
<u>N.C. Dept. of Environment and Natural Resources:</u>					
Environmental Health		4751	-	5,438	-
Food and Lodging		4752	-	11,020	-
Child Lead Poisoning		4760	-	2,000	-
Parks and Recreation Trust Fund		-	-	385,261	1,075,425
Funds for Soil and Water Conservation District		-	-	25,645	58,481
White Goods Management		-	-	14,264	-
Total N.C. Dept. of Environment and Natural Resources:			-	443,628	1,133,906
<u>N.C. Dept. of Health and Human Services</u>					
<u>Division of Child Development:</u>					
Smart Start Day Care		398	-	128,679	-
<u>Division of Public Health</u>					
General		1410-4110-0023	-	244,953	-
Public Health Nurse Training		1430-4301-0023	-	2,000	-
Tuberculosis		1451-4551-0023	-	19,568	-
TB Medical Service		1451-4554-0023	-	1,529	-
Women's Preventive Health		1511-601X-FR23	-	8,702	-
<u>Division of Social Services:</u>					
Blind Aid		-	-	115	-
State Adult Protective Services		098, 099	-	73,985	72,492
Special Assistance Administration		414	-	-	67,759
<u>Office of Administration and Support</u>					
Pediatric Obesity		-	-	15,000	-
<u>Office of Emergency Medical Services</u>					
EMS ToolKit		-	-	19,846	-
<u>Passed through the Cleveland County Partnership for Children:</u>					
Smart Start Services		-	-	154,148	-
Total N. C. Dept. of Health and Human Services			-	668,525	140,252

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IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS
D. 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 Transportation</u>					
Rural Operating Assistance Program Cluster:					
Elderly and Disabled Transportation Assistance		-	\$ -	\$ 68,022	\$ -
Rural General		-	-	67,554	-
Workfirst Transportation		-	-	18,735	-
<u>Total Rural Operating Assistance Program Cluster:</u>			<u>-</u>	<u>154,311</u>	<u>-</u>
<u>Total N.C. Dept. of Transportation</u>			<u>-</u>	<u>154,311</u>	<u>-</u>
<u>N.C. Office of Juvenile Justice</u>					
Juvenile Crime Prevention Council		-	-	270,023	-
<u>N.C. Office of State Controller:</u>					
Controlled Substances Tax		-	-	60,117	1,032
<u>N.C. Rural Economic Development Center</u>					
Sewer Improvements		2008-073-40401-107	-	6,745	-
<u>N.C. State University</u>					
Seasonal Tailgate Market		-	-	412	-
Total State Awards			<u>-</u>	<u>2,119,205</u>	<u>2,164,181</u>
Total Federal and State Awards			<u>\$ 140,659,260</u>	<u>\$ 47,688,561</u>	<u>\$ 10,096,503</u>

**Cleveland County, North Carolina
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IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS
D. 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 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 f, Benefit Payments Issued By the State, in the Notes to Financial Statements. Due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

The following are clustered by the NC Department of Health and Human Services and are treated separately for State audit requirement purposes: Supplemental Nutrition Assistance Program (SNAP), Aging, Subsidized Child Care, Medicaid Assistance, Foster Care and Adoption Assistance, and Child Support Enforcement.

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	-	\$ 315,688	\$ -	\$ -
Juvenile Crime Prevention Council					
Cleveland County Schools - Early Interventions			\$ -	\$ 61,354	\$ -
Communities in Schools - Teen Court/Restitution			-	24,175	-
Alexander Youth Network - Multi-systemic Therapy			-	19,870	-
Mediation Center - Juvenile Mediation			-	20,242	-
Total Juvenile Crime Prevention Council			<u>\$ -</u>	<u>\$ 125,641</u>	<u>\$ -</u>
Rural Operating Assistance Program					
Transportation Assistance of Cleveland County			<u>\$ -</u>	<u>\$ 135,576</u>	<u>\$ -</u>

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

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 and Human Services</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Divisions of Aging (thru Isothermal Planning and Development) and Social Services					
III-B Grants for Supportive Services and Senior Centers - In Home Services	93.044	-	\$ 122,866	\$ 7,225	\$ -
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through N.C. Dept of Commerce,					
thru Isothermal Planning and Development					
Community Development Block Grant-Sewer	14.228	07-E-1740	7,094	-	-
Community Development Block Grant-Housin	14.228	07-C-1657	100,492	-	-
Total pass-thru grants awards from IPDC			<u>\$ 230,452</u>	<u>\$ 7,225</u>	<u>\$ -</u>

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	-	\$ 2,024,649	-	-
Medical Assistance	93.778	-	119,823,589	41,345,802	84,358
Participation in Budgeted County Expenditures					
IV-D Offset Fees-ESC	93.563	-	930	(45)	524
IV-D Offset Fees-Federal	93.563	-	6,146	-	3,166
Links Transitional Funds	93.674	-	7,384	-	-
IV-E Adoption Subsidy	93.659	-	669,292	134,915	141,177
Energy Assistance Payments	93.568	-	976,121	-	388
AFDC Payments and Penalties	93.560	-	(943)	(258)	(258)
TANF Unemployed Parents Assistance	93.558	-	(99)	-	-
TANF Payments and Penalties	93.558	-	1,463,158	(21)	5,196
Work First Benefits	93.558	-	46,719	-	-
Child Welfare Services Adoption Subsidy	-	-	-	427,560	123,515
State-County / Special Assistance Domicillary Care Payment	-	-	-	1,212,847	1,212,847
Total participation in budgeted County expenditures			<u>3,168,707</u>	<u>1,774,998</u>	<u>1,486,554</u>
Total direct benefit payments			<u>\$ 125,016,945</u>	<u>\$ 43,120,799</u>	<u>\$ 1,570,912</u>