

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2011**

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, 2011
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 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, 2011, not presented here, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 26, 2011. 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

Management of the Cleveland County, North Carolina, is responsible for establishing and maintaining effective 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 management, members of the Board of Commissioners, others within the organization, federal and State awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

October 26, 2011

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, 2011. Cleveland County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of 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, 2011.

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 26, 2011

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 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, 2011. Cleveland County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of 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, 2011.

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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 26, 2011

CLEVELAND COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
• Material weakness identified	No
• Significant deficiency identified	None reported
Non-compliance material to financial statements noted	No

Federal Awards

Internal control over major federal programs:	
• Material weakness identified	No
• Significant deficiency identified	None reported
Type of auditors' report issued on compliance for major federal programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133	No

Identification of major federal programs for Cleveland County, North Carolina, for the fiscal year ended June 30, 2011 is:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Temporary Assistance for Needy Families	93.558
Child Care Development Fund Cluster	93.575, 93.596
Foster Care	93.658
Adoption Assistance	93.659

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$3,000,000</u>
Auditee qualified as low-risk auditee?	No

CLEVELAND COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

State Awards

Internal control over major State programs:

- Material weakness identified No
- Significant deficiency identified None reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act No

Identification of Major State programs:

Program Name

-
- Foster Care and Adoption Cluster
 - Medicaid Cluster
 - Subsidized Child Care Cluster
 - Community Development Block Grant – Economic Development
 - Industrial Development Fund
 - Public School Building Capital Fund – N.C. Lottery Proceeds
 - N.C. Rural Economic Development Center – Regional Detoxification Center

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'S FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

None.

Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2011
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. Department of Agriculture:</u>					
<u>Emergency Food Assistance Cluster:</u>					
Emergency Food Assistance Program (Administration)	10.568	-	\$ 12,563	\$ -	\$ -
Emergency Food Assistance Program (Commodities)	10.569	-	337,209	-	-
<u>Total Emergency Food Assistance Program Cluster</u>			<u>349,772</u>	<u>-</u>	<u>-</u>
<u>Passed-Through N.C. Department of Health and Human Services:</u>					
<u>Division of Public Health</u>					
Special Supplemental Nutrition Program for Women, Infants, and Children - direct benefit payments	10.557	-	2,022,030	-	-
Special Supplemental Nutrition Program for Women, Infants, and Children - administration	10.557	5403, -4, -5, -9	521,958	-	185,606
<u>Child Nutrition Cluster:</u>					
Summer Food Service Program for Children - Program Meals	10.559	5767	2,860	-	-
<u>Total Child Nutrition Cluster</u>			<u>2,860</u>	<u>-</u>	<u>-</u>
<u>Total Division of Public Health</u>			<u>2,546,848</u>	<u>-</u>	<u>185,606</u>
<u>Passed-Through N.C. Department of Health and Human Services:</u>					
<u>Division of Social Services:</u>					
<u>Administration:</u>					
<u>Supplemental Nutrition Assistance Program Cluster:</u>					
Supplemental Nutrition Assistance Program - Administration	10.561	404, 417, 408, 89	863,020	-	863,020
Supplemental Nutrition Assistance Program - Services Contingency	10.561	031	107,491	-	-
Supplemental Nutrition Assistance Program - Fraud	10.561	405	22,211	-	22,211
<u>Total Supplemental Nutrition Assistance Program Cluster</u>			<u>992,722</u>	<u>-</u>	<u>885,231</u>
<u>Total U.S. Department of Agriculture</u>			<u>3,889,342</u>	<u>-</u>	<u>1,070,836</u>
<u>U.S. Department of Commerce</u>					
<u>Direct program:</u>					
<u>Economic Development Cluster:</u>					
Investments for Public Works and Development Facilities	11.300	04-01-06334	558,372	-	-
<u>Total U.S. Department of Commerce</u>			<u>558,372</u>	<u>-</u>	<u>-</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>					
Special Programs for the Aging - III-B Grants for Supportive Services and Senior Centers - In Home Services	93.044	-	126,413	7,898	-
<u>Total Aging Cluster</u>			<u>126,413</u>	<u>7,898</u>	<u>-</u>
Social Services Block Grant - In Home Services	93.667	022	14,822	-	2,117
<u>Total Division of Aging</u>			<u>141,235</u>	<u>7,898</u>	<u>2,117</u>
<u>Division of Child Development:</u>					
<u>Subsidized Child Care Cluster:</u>					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care and Development Fund -- Administration	93.596	364	132,241	-	-
Division of Child Development:					
Child Care and Development Fund -- Discretionary	93.575	D*23, TB23	1,309,088	-	-
Child Care and Development Fund -- Mandatory	93.596	M*23	566,492	-	-
Child Care and Development Fund -- Match	93.596	V*23	613,893	333,992	-
<u>Total Child Care Development Fund Cluster:</u>			<u>2,621,714</u>	<u>333,992</u>	<u>-</u>
<u>Temporary Assistance for Needy Families Cluster:</u>					
Temporary Assistance for Needy Families - Child Care	93.558	T223	419,582	-	-
TANF Emergency Contingency Fund-ARRA	93.714	4023, 347, 438	224,983	-	-
<u>Total Temporary Assistance for Needy Families Cluster:</u>			<u>644,565</u>	<u>-</u>	<u>-</u>
Social Services Block Grant - Child Care	93.667	Q423, 460, 467	4,190	-	284,716
Smart Start	-	4023, 347, 438	-	14,280	40
State and Local Appropriations	-	0023	-	187,973	-
TANF-MOE	-	T623	-	452,037	-
<u>Total Subsidized Child Care Cluster:</u>			<u>3,270,469</u>	<u>988,282</u>	<u>284,756</u>

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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
Federal Awards: (continued from previous page)					
<u>Centers for Medicare and Medicaid Services</u>					
<u>Division of Medical Assistance:</u>					
<u>Medicaid Cluster:</u>					
<u>Direct Benefit Payments:</u>					
Medicaid Assistance Program - direct benefit payments	93.778	-	116,677,238	47,710,960	9,745
<u>Division of Social Services:</u>					
Medical Assistance Program - Administration	93.778	412	1,199,401	-	1,199,022
Adult Care Home CM	93.778	211	20,874	10,437	10,437
At-Risk CM	93.778	-	33,367	-	-
At-Risk CM Settlement	93.778	-	26,672	-	-
Medical Assistance Expansion	93.778	477	21,360	21,360	-
Medical Transportation Administration	93.778	375	75,840	-	75,840
Medical Transportation Services	93.778	377	721,603	266,557	-
Special Adult Home	93.778	128, 131	48,168	16,568	31,600
Non-Reimbursed Medical CMS		286	-	-	54,515
<u>Total Medicaid Cluster:</u>			118,824,523	48,025,881	1,381,159
<u>Division of Public Health</u>					
Immunization Program/ Aid to County Funding	93.268	6025, 631D	33,646	-	-
Family Planning	93.218	592D	30,643	-	-
Bioterrorism Grant	93.283	190X, 2680, 310C, 540B	145,439	63,934	-
TANF - Public Health	93.558	5151	14,132	-	-
Breast and Cervical Cancer Early Detection	93.919	310D, 360C	21,448	-	-
HIV Prevention Activities	93.940	433B	27,309	-	-
Preventive Health and Health Services Block Grant - State-wide Health Promotion Program	93.991	5503	21,972	9,086	-
Maternal and Child Health Services Block Grant	93.994	57XX, 601X, 53XX	109,896	82,431	-
<u>Total Division of Public Health</u>			404,484	155,451	-
<u>Division of Social Services:</u>					
<u>Foster Care and Adoption Assistance Cluster:</u>					
IV-E Admin	93.658	-	3,345	1,673	1,673
IV-E Child Protective Services	93.658	072, 074	360,616	96,358	264,258
IV-E Family Max	93.658	-	455	-	244
IV-E Foster Care, Optional Fund	93.658	96, 97, 132, 302, 407	511,614	-	493,485
IV-E Foster Care	93.658	-	284,464	76,230	76,226
IV-E Foster Care (ARRA)	93.658	-	21,055	-	-
IV-E Max and Max Level III	93.658	-	278,418	73,739	75,561
IV-E, IV-B, and State Vendor	93.658	-	7,376	1,215	-
IV-E Adoption Subsidy - direct benefit payments	93.659	-	622,687	137,102	177,070
Child Welfare Services Adoption Subsidy - direct benefit payments		-	-	428,623	124,916
At-Risk Max	-	-	-	13,055	7,001
Special Provision	-	-	-	45,598	-
State-County / Special Assistance Domiciliary Care Payments - direct benefit payments		-	-	1,246,355	1,246,355
State Foster Home	-	-	-	205,250	205,249
Special Needs Adoption	-	-	-	7,634	-
Foster Care, Caseworker	-	109	-	-	3
State Max	-	-	-	121,250	121,250
<u>Total Foster Care and Adoption Assistance Cluster:</u>			2,090,031	2,454,083	2,793,292

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Federal Awards: (continued from previous page)					
<u>TANF Cluster:</u>					
TANF Payments and Penalties - direct benefit payments	93.558	-	577,117	-	2,565
TANF Unemployed Parents - direct benefit payments (reimbursements)	93.558	-	(123)	-	-
TANF Administration	93.558	226	199,586	-	-
TANF Services / Child Services	93.558	204-207, 227, 238	1,682,842	-	-
TANF / Domestic Violence Services	93.558	111, 278, 356	29,677	-	197
TANF CPS and FC / Adoption Services	93.558	341, 358	193,818	-	-
Work First	93.558	221, 232-235	-	-	166,430
Work First Administration	93.558	048	-	-	150,056
Work First Services	93.558	049	-	-	1,176,668
Sub Employment	93.714	045, 046	317,993	-	-
Job Boost	93.714	057, 058	69,642	-	-
<u>Total TANF Cluster:</u>			3,070,551	-	1,495,915
Work First non-reimbursable	-	340	-	-	105,230
TANF / SSBG	-	471	-	-	123,753
TANF Incentives	-	268	-	1,582	-
Subtotal			-	1,582	228,984
AFDC Payments and Penalties - direct benefit payments (reimbursements)	93.560	-	(646)	(177)	(177)
<u>Child Support Enforcement Funds:</u>					
AFDC Share / Return	93.563	-	2,635	-	-
Incentive Regular	93.563	-	195,746	-	-
Intercept Fees / Federal Offset / Blood Test	93.563	-	14,774	-	-
IV-E Share / Return	-	-	-	8,203	-
SFHF Share / Return	-	-	-	23,554	-
<u>Total Child Support Enforcement Funds:</u>			213,155	31,758	-
IV-D Offset Fees Federal - direct benefit payments	93.563	-	740	45	336
IV-D Offset Fees ESC - direct benefit payments	93.563	-	4,958	-	2,554
AFDC Withhold	93.563	266	(218)	-	-
IV-D AFDC / Non-AFDC	93.563	202, 430	938,452	-	483,445
IV-D Blood Test	93.563	432	818	-	-
IV-D Cooperative Agreement	93.563	450	22,827	-	11,759
IV-D Cost Recovery	93.563	436	(2,797)	-	(1,441)
IV-D Government Service Contract	93.563	423, 449	203,017	-	104,585
IV-D Non-AFDC	93.563	435	(1,125)	-	(580)
IV-D Offset Fees Federal - non-direct benefits	93.563	443	(2,576)	-	-
IV-D Offset Fees ESC - non-direct benefits	93.563	437	(336)	-	-
IV-D Non-Reimbursable Incentives	-	123	-	-	168,168
AFDC Incentives / Program Integrity	-	267	-	94	-
Crisis Intervention Planning Services	93.568	372, 379	732,963	-	-
Energy Assistance - direct benefit payments	93.568	-	1,258,362	-	73
Energy Assistance Services	93.568	406	97,572	-	-
Energy Assistance - Non-Refundable	-	442	-	-	8,458
Permanency Planning - Regular	93.645	283, 392	3,806	(381)	1,480
Permanency Planning - Special	93.645	368, 464, 465	22,121	-	7,665
Social Services Block Grant	93.667	394, 395	339,049	-	113,016
SSBG Special ADC	93.667	036, 038	13,633	6,527	2,880
SSBG State Services Support	93.667	482	-	41,980	13,993
Social Services Block Grant - TANF	93.667	050	50,846	-	16,949

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Cleveland County, North Carolina
Annual Financial and Compliance Report
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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: (continued from previous page)					
LINKS	93.674	290, 291	34,953	8,738	-
Independent Living - direct benefit payments	93.674	-	7,431	-	-
TOP Incentives	93.674	270, 271	3,749	-	-
DOR Incentives	93.674	269	967	-	-
N. C. Health Choice	93.767	440, 441, 483	59,168	3,744	15,606
<u>Passed-Through Carolina Healthcare Systems:</u>					
Bioterrorism Preparedness Program	93.889	EMS Project 8	11,837	-	-
Bioterrorism Preparedness Program	93.889	EMS Project 12	5,996	-	-
<u>Total U.S. Department of Health and Human Services</u>			<u>131,820,015</u>	<u>51,725,504</u>	<u>7,134,993</u>
<u>U.S. Department of Housing and Urban Development</u>					
<u>Passed-Through N.C. Department of Commerce,</u>					
<u>thru Isothermal Planning and Development</u>					
Community Development Block Grant- Economic Development	14.228	09-E-2081 / U-407	361,616	499,371	94,913
<u>Direct program:</u>					
Community Development Block Grant-Loan	14.248	10-L-2161	196,544	-	-
<u>Total U.S. Department of Housing and Urban Development</u>			<u>558,160</u>	<u>499,371</u>	<u>94,913</u>
<u>U.S. Department of Justice</u>					
<u>Direct Program:</u>					
State Criminal Alien Assistance Program	16.606	-	4,809	-	-
<u>JAG Program Cluster:</u>					
2009 Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	12,739	-	-
2010 Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	3,300	-	-
Gang Violence Prevention	16.738	-	32,826	-	-
<u>Total U.S. Department of Justice</u>			<u>53,674</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Transportation</u>					
<u>Passed -Through the NC Department of Environment and Natural Resources</u>					
<u>Highway Planning and Construction Cluster:</u>					
Recreational Trails Program	20.219	-	51,400	-	180,314
<u>Total U.S. Department of Transportation</u>			<u>51,400</u>	<u>-</u>	<u>180,314</u>
<u>U.S. Department of the Treasury</u>					
<u>Direct program:</u>					
U.S. Immigration and Customs Enforcement	16.578	NC0230000	216,409	-	19,295
<u>Total U.S. Department of the Treasury</u>			<u>216,409</u>	<u>-</u>	<u>19,295</u>
<u>U.S. Election Assistance Commission</u>					
<u>Passed-Through State Board of Election</u>					
HAVA Grant - HHS Accessibility	90.401	-	11,670	-	-
<u>Total U.S. Election Assistance Commission</u>			<u>11,670</u>	<u>-</u>	<u>-</u>
<u>U.S. Environmental Protection Agency</u>					
<u>Passed-Through County of Mecklenburg, North Carolina</u>					
National Clean Diesel Emissions Reduction	66.039	-	34,811	-	-
<u>Total U.S. Environmental Protection Agency</u>			<u>34,811</u>	<u>-</u>	<u>-</u>

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Cleveland County, North Carolina
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For the Year Ended June 30, 2011
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: (continued from previous page)					
<u>U.S. Federal Emergency Management Agency</u>					
<u>Direct program:</u>					
Emergency Response - Hurricane Earl	97.036	-	10,181	-	-
<u>Passed-Through NC Department of Crime Control and Public Safety:</u>					
Emergency Management Program	83.552	-	16,533	-	-
<u>Total U.S. Federal Emergency Management Agency</u>			<u>26,714</u>	<u>-</u>	<u>-</u>
<u>U.S. Institute of Museum and Library Services</u>					
<u>Passed-Through NC Department of Cultural Resources:</u>					
LSTA Technology Grant	45.310	-	27,310	-	6,970
LSTA Planning Grant	45.310	-	20,000	-	-
LSTA NC Cardinal Grant	45.310	-	28,304	-	-
<u>Total U.S. National Foundation on the Arts and the Humanities</u>			<u>75,614</u>	<u>-</u>	<u>6,970</u>
<u>Total Federal Awards</u>			<u>137,296,180</u>	<u>52,224,875</u>	<u>8,507,322</u>
State Awards:					
<u>N.C. Department of Administration</u>					
CME Providers Grant		-	-	9,500	-
Gates, Staying Connected		-	-	235	-
Veteran Services		-	-	2,000	86,216
<u>Total N.C. Department of Administration:</u>			<u>-</u>	<u>11,735</u>	<u>86,216</u>
<u>N.C. Department of Commerce</u>					
Industrial Development Fund		U-410	-	411,563	-
<u>N.C. Department of Corrections</u>					
Criminal Justice Partnership Program		-	-	80,279	-
<u>N.C. Department of Cultural Resources</u>					
Library State Aid Grant		-	-	153,123	910,503
<u>N.C. Department of Environment and Natural Resources:</u>					
Environmental Health		4751	-	4,500	-
Food and Lodging		4752	-	11,666	-
Child Lead Poisoning		4760	-	1,600	-
Funds for Soil and Water Conservation District		-	-	26,255	55,011
Scrap Tire Disposal		-	-	8,664	-
White Goods Management		-	-	918	-
Electronics Management Fund		-	-	7,180	-
2010 Community Waste Reduction		-	-	30,000	-
<u>Total N.C. Department of Environment and Natural Resources:</u>			<u>-</u>	<u>90,784</u>	<u>55,011</u>
<u>N.C. Department of Health and Human Services</u>					
<u>Division of Child Development:</u>					
Smart Start Day Care		398	-	128,358	-

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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
State Awards: (continued from previous page)					
<u>Division of Public Health</u>					
General		1410-4110-0023	-	244,953	-
Minority Health - Closing the Gap		1410-4179-0023	-	88,554	-
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	-	184,121	-
<u>Division of Social Services:</u>					
State Adult Protective Services		098,099	-	66,271	73,643
Special Assistance Administration		414	-	-	58,624
<u>Office of Rural Health</u>					
Community Health Grant		-	-	57,961	-
<u>Passed-Through the Cleveland County Partnership for Children:</u>					
Smart Start Services		-	-	113,238	-
<u>Total N. C. Department of Health and Human Services</u>			-	918,720	132,267
<u>N.C. Department of Transportation</u>					
<u>Rural Operating Assistance Program Cluster:</u>					
Elderly and Disabled Transportation Assistance Program		-	-	105,905	-
Rural General Public Program		-	-	63,464	-
Work First Transitional - Employment Transportation Assistance Program		-	-	37,356	-
<u>Total N.C. Department of Transportation</u>			-	206,726	-
<u>N.C. Office of Juvenile Justice</u>					
Juvenile Crime Prevention Council		-	-	272,841	-
<u>N.C. Office of State Budget:</u>					
Public School Building Capital Fund - Lottery		-	-	410,903	-
<u>N.C. Office of State Controller:</u>					
Controlled Substances Tax		-	-	68,605	312
<u>N.C. Rural Economic Development Center</u>					
Building Reuse Grant/Infrastructure Program		-	-	240,000	-
Regional Detoxification Center		-	-	336,000	-
<u>Total N.C. Rural Economic Development Center</u>			-	576,000	-
<u>N.C. State University</u>					
SARE Professional Development Grant		-	-	1,000	-
<u>U.N.C. - Chapel Hill</u>					
Public Health Quality Improvement Project		-	-	7,563	-
<u>Total State Awards</u>			-	3,209,842	1,184,309
<u>Total Federal and State Awards</u>			\$ 137,296,180	\$ 55,434,717	\$ 9,691,630

**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 topics 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 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	-	\$ 337,209	\$ -	\$ -
Juvenile Crime Prevention Council					
Cleveland County Schools - Early Interventions			\$ -	\$ 85,445	\$ -
Communities in Schools - Teen Court/Restitution			-	31,807	-
Alexander Youth Network - Multisystemic Therapy			-	8,903	-
Mediation Center - Juvenile Mediation			-	18,493	-
Total Juvenile Crime Prevention Council			\$ -	\$ 144,648	\$ -
Rural Operating Assistance Program					
Transportation Assistance of Cleveland County			\$ -	\$ 169,369	\$ -

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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

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>					
Passed-through the N.C. Dept. of Health and Human Services:					
<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	-	\$ 126,413	\$ 7,898	\$ -
<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-Economic Development	14.228	09-E-2081 / U-407	361,616	499,371	94,913
Total pass-thru grants awards from IPDC			\$ 488,029	\$ 507,269	\$ 94,913

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	-	\$ 2,022,030	\$ -	\$ -
Food Stamps	10.551	-	-	-	-
Medical Assistance	93.778	-	116,677,238	47,710,960	9,745
Participation in Budgeted County Expenditures					
IV-D Offset Fees-ESC	93.563	-	740	45	336
IV-D Offset Fees-Federal	93.563	-	4,958	-	2,554
Independent Living Transitional/Links	93.674	-	7,431	-	-
IV-E Adoption Subsidy	93.659	-	622,687	137,102	177,070
Energy Assistance Payments	93.568	-	1,258,362	-	73
AFDC Payments and Penalties	93.560	-	(646)	(177)	(177)
TANF Unemployed Parents Assistance	93.558	-	(123)	-	-
TANF Payments and Penalties	93.558	-	577,117	-	2,565
Work First Benefits	93.558	-	-	-	-
Child Welfare Services Adoption Subsidy	-	-	-	428,623	124,916
State-County / Special Assistance Domicillary Care Pay	-	-	-	1,246,355	1,246,355
Total participation in budgeted county expenditures			2,470,525	1,811,948	1,553,693
Total direct benefit payments			\$ 121,169,793	\$ 49,522,907	\$ 1,563,439