

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2012**

IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS

	<u>Identifier</u>	<u>Page No.</u>
A. Reports from the Independent Auditor	Subsection IV.A.	179
B. Schedule of Findings, Questioned Costs, and Responses	Subsection IV.B.	186
C. Summary Schedule of Prior Year Findings, Questioned Costs, and Responses	Subsection IV.C.	188
D. Schedule of Expenditures of Federal and State Awards	Subsection IV.D.	189
1. Notes to Schedule of Expenditures of Federal and State Awards	Exhibit IV.D.1	195

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, 2012
IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS
A. Reports from the Independent Auditor

	<u>Identifier</u>	<u>Page No.</u>
1. Report from the Independent Auditor 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	Exhibit IV.A.1	180
2. Report from the Independent Auditor on Compliance with Requirements Applicable to Each Major Federal Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133 and with the State Single Audit Implementation Act	Exhibit IV.A.2	182
3. Report from the Independent Auditor on Compliance with Requirements Applicable to Each Major State Program and On Internal Control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and with the State Single Audit Implementation Act	Exhibit IV.A.3	184

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

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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

INDEPENDENT AUDITORS' REPORT

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

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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

INDEPENDENT AUDITORS' REPORT

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, 2012. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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 25, 2012

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

INDEPENDENT AUDITORS' REPORT

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, 2012. 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 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, 2012.

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 25, 2012

CLEVELAND COUNTY, NORTH CAROLINA

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

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 that is not considered to be a material weakness? No

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? No
- Significant deficiency identified that is not considered to be a material weakness? No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA #</u>
Medicaid Cluster	93.720, 73.775, 93.777, 93.778
TANF Cluster	93.558, 93.714, 93.716
Special Supplemental Nutrition Program for Women Infants and Children	10.557
Low Income Energy Assistance Program	93.568

Dollar threshold used to distinguish between Type A and Type B Programs \$3,000,000

Auditee qualified as low-risk auditee? No

CLEVELAND COUNTY, NORTH CAROLINA

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

1. Summary of Auditors' Results (Continued)

State Awards

Internal control over major State programs:

- Material weakness identified? No
- Significant deficiency identified that is not considered to be a material weakness? No

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

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

Identification of Major State Programs:

Program Name

Medicaid Cluster
State-County/Special Assistance for Adults

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

None reported

3. Federal Award Findings and Questioned Costs

None reported

4. State Award Findings and Questioned Costs

None reported

CLEVELAND COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

None Reported.

Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2012
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	-	\$ 11,182	\$ -	\$ -
Emergency Food Assistance Program (Commodities)	10.569	-	210,410	-	-
<u>Total Emergency Food Assistance Program Cluster</u>			<u>221,592</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	-	2,116,666	-	-
Special Supplemental Nutrition Program for Women, Infants, and Children - administration	10.557	5403, -4, -5, -9	538,847	-	-
<u>Total Division of Public Health</u>			<u>2,655,513</u>	<u>-</u>	<u>-</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 Asst. Program - Administration	10.561	404, 417	848,258	-	848,258
Food Stamps Claims Collect	10.561	454	(13,972)	-	-
Food Stamps Incentive Retention	10.561	455	25,801	-	-
Supplemental Nutrition Assistance Program - Fraud	10.561	405	38,113	-	38,113
<u>Total Supplemental Nutrition Assistance Program Cluster</u>			<u>898,200</u>	<u>-</u>	<u>886,371</u>
<u>Total U.S. Department of Agriculture</u>			<u>3,775,305</u>	<u>-</u>	<u>886,371</u>
<u>U.S. Department of Commerce</u>					
<u>Direct program:</u>					
<u>Economic Development Cluster:</u>					
Investments for Public Works & Development Facilities	11.300	04-01-06334	984,827	-	115,982
<u>Total U.S. Department of Commerce</u>			<u>984,827</u>	<u>-</u>	<u>115,982</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	-	132,076	8,252	-
<u>Total Aging Cluster</u>			<u>132,076</u>	<u>8,252</u>	<u>-</u>
Social Services Block Grant - In Home Services	93.667	022	13,806	-	1,972
<u>Total Division of Aging</u>			<u>145,882</u>	<u>8,252</u>	<u>1,972</u>

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For the Year Ended June 30, 2012
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Federal Awards: (continued from previous page)					
<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	153,509	614,674	-
Division of Child Development:					
Child Care and Development Fund -- Discretionary	93.575	D*23, TB23	1,317,345	-	-
Child Care and Development Fund -- Mandatory	93.596	M*23	471,880	-	-
Child Care and Development Fund -- Match	93.596	V*23	690,472	285,018	-
<u>Total Child Care Development Fund Cluster:</u>			<u>2,633,206</u>	<u>899,692</u>	<u>-</u>
<u>Temporary Assistance for Needy Families Cluster:</u>					
Temporary Assistance for Needy Families - Child Care	93.558	T223	562,266	-	-
TANF Emergency Contingency Fund-ARRA	93.714	4023, 347, 438	69,650	-	-
<u>Total Temporary Assistance for Needy Families Cluster:</u>			<u>631,916</u>	<u>-</u>	<u>-</u>
Foster Care Title IV-E	93.658	Q423, 460, 467	11,973	-	-
Smart Start	-	4023, 347, 438	-	26,956	-
State and Local Appropriations	-	0023	-	144,707	-
TANF-MOE	-	T623	-	366,181	-
<u>Total Subsidized Child Care Cluster:</u>			<u>3,277,095</u>	<u>1,437,536</u>	<u>-</u>
<u>Centers for Medicare and Medicaid Services</u>					
<u>Division of Medical Assistance:</u>					
<u>Medicaid Cluster:</u>					
Medicaid Assistance Program	93.778	-	133,048	51,331	-
<u>Direct Benefit Payments:</u>					
Medicaid Assistance Program - direct benefit payments	93.778	-	105,788,387	62,002,458	9,444
<u>Division of Social Services:</u>					
Medical Assistance Program - Administration	93.778	412, 422	1,204,365	-	1,203,437
Adult Care Home CM	93.778	211, 213	16,717	8,358	8,358
At-Risk CM	93.778	-	27,921	-	-
Medical Assistance Expansion	93.778	477	21,652	21,652	-
Medical Transportation Administration	93.778	375	81,561	-	81,561
Medical Transportation Services	93.778	377	1,038,128	549,873	-
Special Adult Home	93.778	128, 131	37,531	16,886	20,644
<u>Total Medicaid Cluster:</u>			<u>108,349,309</u>	<u>62,650,558</u>	<u>1,323,444</u>
<u>Division of Public Health</u>					
Public Health Emergency Preparedness	93.069		43,822	-	-
Environmental Public Health and Emergency Response	93.070		14,041	-	-
Immunization Program/Aid to County Funding	93.268	6025, 631D	37,037	-	-
ARRA - Preventing Healthcare-Associated Infections	93.717		5,064	-	-
Breast and Cervical Cancer Early Detection	93.919	310D, 360C	30,340	8,925	-
HIV Prevention Activities	93.940	433B	28,000	-	-
Maternal and Child Health Services Block Grant	93.994	57XX, 601X, 53XX	114,279	278,415	-
<u>Total Division of Public Health</u>			<u>272,583</u>	<u>287,340</u>	<u>-</u>

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Federal Awards: (continued from previous page)					
<u>Division of Social Services:</u>					
<u>Foster Care and Adoption Assistance Cluster:</u>					
IV-E Admin	93.658	-	4,759	2,380	2,380
IV-E Child Protective Services	93.658	072, 074	352,114	97,689	254,424
IV-E Family Max	93.658	-	1,790	-	956
IV-E Foster Care, Optional Fund	93.658	96, 97, 132, 302, 407	475,373	-	457,697
IV-E Foster Care	93.658	-	358,371	95,699	95,700
IV-E Foster Care Eligibility Determination	93.658	431	1,963	-	1,963
IV-E Max and Max Level III	93.658	-	339,592	89,893	91,376
IV-E, IV-B, and State Vendor	93.658	-	11,417	-	-
IV-E Adoption Subsidy - direct benefit payments	93.659	-	653,418	176,683	176,683
Child Welfare Services Adoption Subsidy - direct benefit payments	-	-	-	421,966	126,641
At-Risk Max	-	-	-	10,556	5,660
Special Provision	-	-	-	12,183	-
State-County / Special Assistance Domiciliary Care Payments - direct benefit payments	-	-	-	1,237,547	1,237,547
State Foster Home	-	-	-	188,837	188,836
Special Needs Adoption	-	-	-	214,058	-
State Max	-	-	-	92,035	92,035
<u>Total Foster Care and Adoption Assistance Cluster:</u>			<u>2,198,798</u>	<u>2,639,526</u>	<u>2,731,895</u>
<u>TANF Cluster:</u>					
TANF Payments and Penalties - direct benefit payments	93.558	-	1,167,018	(126)	272
TANF Unemployed Parents - direct benefit payments (reimbursements)	93.558	-	(100)	(43)	(13)
TANF Administration	93.558	226	221,346	-	-
TANF Health Services	93.558	-	14,132	-	-
TANF Services / Child Services	93.558	238	1,848,045	-	-
TANF / Domestic Violence Services	93.558	111, 278, 356	24,644	-	-
TANF CPS and FC / Adoption Services	93.558	341, 358	(3,823)	-	-
Sub Employment	93.714	071, 146	37,155	9,289	-
<u>Total TANF Cluster:</u>			<u>3,308,417</u>	<u>9,119</u>	<u>259</u>
TANF Eligible	-	-	306	-	-
TANF to SSBG-APS	-	170	61,066	-	20,355
TANF Incentives	-	268	-	2,161	-
<u>Subtotal</u>			<u>61,372</u>	<u>2,161</u>	<u>20,355</u>
AFDC Payments and Penalties - direct benefit payments (reimbursements)	93.560	-	(1,271)	(348)	(348)
<u>Child Support Enforcement Funds:</u>					
AFDC Share / Return	93.563	-	1,914	-	-
Incentive Regular	93.563	-	105,541	-	-
Intercept Fees / Federal Offset / Blood Test	93.563	-	13,412	-	-
IV-E Share / Return	-	-	-	6,096	-
SFHF Share / Return	-	-	-	15,399	-
<u>Total Child Support Enforcement Funds:</u>			<u>120,867</u>	<u>21,495</u>	<u>-</u>

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For the Year Ended June 30, 2012
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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)					
IV-D Offset Fees Federal - direct benefit payments	93.563	-	5,468	-	2,817
IV-D Offset Fees ESC - direct benefit payments	93.563	-	357	-	184
AFDC Withhold	93.563	266	(304)	-	-
IV-D AFDC / Non-AFDC	93.563	202, 430	962,979	-	496,080
IV-D Blood Test	93.563	432	3,108	-	-
IV-D Cooperative Agreement	93.563	450	19,073	-	9,826
IV-D Cost Recovery	93.563	436	(2,478)	-	(1,276)
IV-D Government Service Contract	93.563	423, 449	200,809	-	103,450
IV-D Non-AFDC	93.563	435	(1,323)	-	(682)
IV-D Offset Fees Federal - non-direct benefits	93.563	443	(2,776)	-	-
IV-D Offset Fees ESC - non-direct benefits	93.563	437	(198)	-	-
AFDC Incentives / Program Integrity	-	267	-	167	-
Crisis Intervention Planning Services	93.568	372	989,774	-	-
LIHEAP	93.568	372	227,800	-	-
Energy Assistance Services	93.568	406	113,308	-	-
Energy Assistance - Non-Refundable	-	442	-	-	-
Permanency Planning - Regular	93.645	283, 392	-	-	-
Permanency Planning - Special	93.645	368, 464, 465	29,220	-	9,740
Social Services Block Grant	93.667	394, 395	318,458	-	106,156
SSBG Special ADC	93.667	035, 036, 038	11,947	9,095	3,006
SSBG State Services Support	93.667	482	-	31,554	10,518
Social Services Block Grant - TANF	93.667	050	70,026	-	22,643
LINKS	93.674	290, 291	16,440	4,110	-
Independent Living - direct benefit payments	93.674	-	6,954	-	-
TOP Incentives	93.674	270, 271	3,001	-	-
DOR Incentives	93.674	269	2,787	-	-
N. C. Health Choice	93.767	440, 441, 483	65,786	4,793	16,393
<u>Office of Population Affairs</u>					
Family Planning	93.217	592C	21,695	-	-
<u>Passed-Through Carolina Healthcare Systems:</u>					
Bioterrorism Hospital Preparedness Program	93.889	EMS ASPR Project 3	14,999	-	-
Bioterrorism Hospital Preparedness Program	93.889	EMS ASPR Project 7	10,525	-	-
Bioterrorism Hospital Preparedness Program	93.889	EMS ASPR Project 10	4,998	-	-
<u>Total U.S. Department of Health and Human Services</u>			<u>120,825,486</u>	<u>67,105,359</u>	<u>4,856,431</u>
<u>U.S. Dept. of Homeland Security</u>					
<u>Passed-through N.C. Dept of Crime Control and Public Safety</u>					
AHIMT Trailer	97.067	-	83,906	-	-
Generators	97.067	2011-SS-00119 / -1008	229,502	-	-
Generator Transfer Switch	97.067	-	29,925	-	-
NIMS Compliancy	97.067	2007-GE-T7-0048-6049	3,128	-	-
Training and Exercise Program	97.073	2007-GE-T7-0048-7046	850	-	-
<u>Total U.S. Dept. of Homeland Security</u>			<u>347,312</u>	<u>-</u>	<u>-</u>

continued on next page

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2012
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. Department of Housing and Urban Development</u>					
<u>Passed-Through N.C. Department of Commerce, thru Isothermal Planning and Development</u>					
Community Development Block Grant-Housing	14.228	10-C-2187	71,263	-	-
Community Development Block Grant- Economic Development	14.228	09-E-2081 / U-407	558,354	-	17,526
<u>Direct program:</u>					
Community Development Block Grant-Loan	14.248	10-L-2161	821,928	-	-
<u>Total U.S. Department of Housing and Urban Development</u>			1,451,545	-	17,526
<u>U.S. Department of Justice</u>					
<u>Direct Program:</u>					
State Criminal Alien Assistance Program	16.606	-	744	-	-
Bulletproof Vests	16.607	-	3,268	-	-
Federal Prisoner Housing	16.710	-	105	-	-
<u>JAG Program Cluster:</u>					
2011 Edward Byrne Memorial Justice Assistance Grant	16.738	-	838	-	-
<u>Total U.S. Department of Justice</u>			4,954	-	-
<u>U.S. Department of the Treasury</u>					
<u>Direct program:</u>					
U.S. Immigration and Customs Enforcement	16.58	NC0230000	96,296	-	-
<u>Total U.S. Department of the Treasury</u>			96,296	-	-
<u>U.S. Federal Emergency Management Agency</u>					
<u>Direct program:</u>					
Emergency Response - Hurricane Irene	97.036	-	12,275	-	-
<u>Passed-Through NC Department of Crime Control and Public Safety:</u>					
Emergency Management Program	83.552	-	65,500	-	-
<u>Total U.S. Federal Emergency Management Agency</u>			77,775	-	-
<u>Total Federal Awards</u>			127,563,500	67,105,359	5,876,309
State Awards:					
<u>N.C. Department of Administration</u>					
Veteran Services		-	-	1,452	-
<u>N.C. Department of Commerce</u>					
Industrial Development Fund		various	-	523,407	-
<u>N.C. Department of Corrections</u>					
Criminal Justice Partnership Program		-	-	78,137	-
<u>N.C. Department of Cultural Resources</u>					
Library State Aid Grant		-	-	135,297	-
<u>U.N.C. - Chapel Hill</u>					
Public Health Quality Improvement Project		-	-	75,816	-

continued on next page

**Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2012
IV: SECTION ON COMPLIANCE WITH FEDERAL AND STATE GRANTS
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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>N.C. Department of Environment and Natural Resources:</u>					
Environmental Health		4751	-	8,000	-
Food and Lodging		4752	-	12,971	-
Funds for Soil and Water Conservation District		-	-	25,926	-
Scrap Tire Disposal		-	-	9,644	-
Electronics Management Fund		-	-	7,695	-
Illegal Dump Cleanup-Yarm Mill Road		-	-	19,650	-
<u>Total N.C. Department of Environment and Natural Resources:</u>			-	83,886	-
<u>N.C. Department of Health and Human Services</u>					
<u>Division of Child Development:</u>					
Smart Start Day Care		398	-	73,312	-
<u>Division of Public Health</u>					
Food and Lodging Fees			-	12,221	-
Environmental Health			-	3,400	-
General Aid to Counties		1410-4110-0023	-	149,650	-
Communicable Disease Control		1451-4510-0023	-	5,465	-
Risk Reduction / Health Promotion			-	8,926	-
Eat Smart Move More Community Grants			-	500	-
Minority Health - Closing the Gap		1410-4179-0023	-	78,267	-
Maternal Health (HMHC)		1410-4179-0023	-	23,692	-
WHSF		1410-4179-0023	-	8,702	-
Tuberculosis		1451-4551-0023	-	19,568	-
TB Medical Service		1451-4554-0023	-	1,529	-
General Aid to Counties		1560-5602-0023	-	23,826	-
<u>Office of Rural Health</u>					
Community Health Grant		-	-	117,176	-
<u>Total N. C. Department of Health and Human Services</u>			-	526,234	-
<u>N.C. Department of Transportation</u>					
<u>Rural Operating Assistance Program Cluster:</u>					
Elderly and Disabled Transportation Assistance Program		-	-	104,208	-
Rural General Public Program		-	-	65,000	-
Employment Transportation Assistance Program		-	-	32,163	-
<u>Total Rural Operating Assistance Program Cluster:</u>			-	201,371	-
<u>Total N.C. Department of Transportation</u>			-	201,371	-
<u>N.C. Office of Juvenile Justice</u>					
Juvenile Crime Prevention Council		-	-	275,715	-
Youth Gang Violence Prevention		-	-	9,840	-
<u>N.C. Rural Economic Development Center</u>					
Building Reuse Grant/Infrastructure Program		-	-	169	-
Building Reuse Grant/Infrastructure Program		2011-235-60501-107	-	290,825	10,821
Building Reuse Grant/Infrastructure Program		2012-098-40401-118	-	312,701	-
<u>Total N.C. Rural Economic Development Center</u>			-	603,695	10,821
<u>Total State Awards</u>			-	2,514,849	10,821
<u>Total Federal and State Awards</u>			\$ 127,563,500	\$ 69,620,207	\$ 5,887,130

Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2012

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	-	\$ 210,410	\$ -	\$ -
Juvenile Crime Prevention Council					
Cleveland County Schools - Early Interventions		-	\$ -	\$ 75,526	\$ -
Communities in Schools - Teen Court/Restitution		-	-	33,611	-
Alexander Youth Network - Multisystemic Therapy		-	-	12,000	-
Phoenix Counseling - Drug / Alcohol Therapy		-	-	6,489	-
Mediation Center - Juvenile Mediation		-	-	20,543	-
Total Juvenile Crime Prevention Council			\$ -	\$ 148,169	\$ -
Rural Operating Assistance Program					
Transportation Assistance of Cleveland County		-	\$ -	\$ 169,208	\$ 39,465

Cleveland County, North Carolina
Annual Financial and Compliance Report
For the Year Ended June 30, 2012
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)

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>State or Pass-Thru Grantor Number</u>	<u>Federal (Direct and Pass-Thru) Expenditures</u>	<u>State (Direct and Pass-Thru) Expenditures</u>	<u>County Expenditures</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>					
Special Programs for the Aging - III-B Grants for Supportive Services and Senior Centers - In Home Services	93.044	-	\$ 132,076	\$ 8,252	\$ -
<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-Housing	14.228	10-C-2187	71,263	-	-
Community Development Block Grant- Economic Development	14.228	09-E-2081 / U-407	558,354	-	17,526
Total pass-thru grants awards from IPDC			<u>\$ 761,693</u>	<u>\$ 8,252</u>	<u>\$ 17,526</u>

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>State or Pass-Thru Grantor Number</u>	<u>Federal (Direct and Pass-Thru) Expenditures</u>	<u>State (Direct and Pass-Thru) Expenditures</u>	<u>County Expenditures</u>
Women, Infants, Children	10.557	-	\$ 2,116,666	-	-
Medical Assistance	93.778	-	105,788,387	62,002,458	9,444
Participation in Budgeted County Expenditures					
IV-D Offset Fees-ESC	93.563	-	357	-	184
IV-D Offset Fees-Federal	93.563	-	5,468	-	2,817
Independent Living Transitional/Links	93.674	-	6,954	-	-
IV-E Adoption Subsidy	93.659	-	653,418	176,683	176,683
AFDC Payments and Penalties	93.560	-	(1,271)	(348)	(348)
AFDC/TANF Unemployed Parents Assistanc	93.558	-	(100)	(43)	(13)
TANF Payments and Penalties	93.558	-	1,167,018	(126)	272
Child Welfare Services Adoption Subsidy	-	-	-	421,966	126,641
State-County / Special Assistance Domicillary Care Pay	-	-	-	1,237,547	1,237,547
Total participation in budgeted county expenditures			<u>1,831,844</u>	<u>1,835,677</u>	<u>1,543,782</u>
Total direct benefit payments			<u>\$ 109,736,896</u>	<u>\$ 63,838,135</u>	<u>\$ 1,553,226</u>