

***DAVIDSON COUNTY,  
NORTH CAROLINA***

**COMPLIANCE LETTERS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

# DAVIDSON COUNTY, NORTH CAROLINA

## COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2011

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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 Members of the Board of Commissioners  
Davidson County, North Carolina

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson 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 December 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Davidson County, North Carolina, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Davidson County's internal control over financial reporting as a basis for designing 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 the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 Davidson 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, members of management, 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.  
December 8, 2011

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

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Federal Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act**

To the Members of the Board of Commissioners  
Davidson County, North Carolina

### **Compliance**

We have audited Davidson County's compliance 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 the County's major federal programs for the year ended June 30, 2011. The 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 Davidson County's management. Our responsibility is to express an opinion on Davidson 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; 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 Davidson 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 of Davidson County's compliance with those requirements.

In our opinion, Davidson County complied, in all material respects, with the compliance 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**

Management of Davidson County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Davidson County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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 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 Davidson 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.

## **Schedule of Expenditures of Federal and State Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise Davidson County's basic financial statements and have issued our report thereon dated December 8, 2011 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Davidson County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards 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, members of management, 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.  
December 8, 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 On Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 And The State Single Audit Implementation Act**

To the Members of the Board of Commissioners  
Davidson County, North Carolina

### **Compliance**

We have audited Davidson County's compliance with the types of compliance requirements described in applicable sections of 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 the County's major State programs for the year ended June 30, 2011. The 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 Davidson County's management. Our responsibility is to express an opinion on Davidson 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; applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Davidson 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 of Davidson County's compliance with those requirements.

In our opinion, Davidson County complied, in all material respects, with the compliance 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.

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## **Internal Control Over Compliance**

Management of Davidson County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered Davidson County's internal control over compliance with the requirements that could have a direct and material effect on a major State program 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 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 Davidson 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.

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## **Schedule of Expenditures of Federal and State Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise Davidson County's basic financial statements and have issued our report thereon dated December 8, 2011 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Davidson County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards 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, members of management, 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.  
December 8, 2011

**DAVIDSON COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   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 Circular A-133? \_\_\_\_\_ Yes      X   No

Identification of major federal programs:

CFDA Numbers	Names of Federal Program or Cluster
93.778	Medicaid
10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
93.575, 93.596, 93.713	Child Care Development Fund Cluster
93.558	Temporary Assistance for Needy Families
93.568	Low Income Energy Assistance

**DAVIDSON COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

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**Section I - Summary of Auditors' Results (Continued)**

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Federal Awards (Continued)

Dollar threshold used to distinguish between Type A  
and Type B Programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes      X   No

State Awards

Internal control over major state programs:

• Material weaknesses identified?

\_\_\_\_\_ Yes      X   No

• Significant deficiencies identified that are  
not considered to be material  
weaknesses?

\_\_\_\_\_ Yes      X   None reported

Type of auditors' report issued on compliance for  
major state programs:

Unqualified

Any findings disclosed that are required to be  
reported in accordance with the State Single Audit  
Implementation Act?

\_\_\_\_\_ Yes      X   No

Identification of major state programs:

Medicaid  
Subsidized Child Care Cluster  
Special Assistance to Adults  
Rural Operating Assistance Program (ROAP)

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**Section II - Financial Statement Findings**

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There were no financial statement findings for the fiscal year ended June 30, 2011.

DAVIDSON COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011

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**Section III - Federal Award Findings and Responses**

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There were no federal award findings for the fiscal year ended June 30, 2011.

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**Section IV - State Award Findings and Responses**

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There were no State award findings for the fiscal year ended June 30, 2011.

**DAVIDSON COUNTY, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2011**

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None reported.

**DAVIDSON COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS  
Year Ended June 30, 2011**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>FEDERAL AWARDS:</b>				
<u>U. S. DEPT. OF TRANSPORTATION</u>				
<u>FEDERAL AVIATION ADMINISTRATION</u>				
PASSED THROUGH N.C. DEPT. OF TRANSPORTATION: AIRPORT IMPROVEMENT PROGRAM	20.106	36237.19.10.1	\$ 4,412	\$ -
<u>FEDERAL TRANSIT ADMINISTRATION</u>				
PASSED THROUGH N.C. DEPT. OF TRANSPORTATION: ENHANCEMENT PROGRAMS-SAFETEA-LU FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	20.205 20.509	45133.3.1 36233.34.12.1	13,295 163,296	- 10,078
PASSED THROUGH THE CITY OF HIGH POINT: URBANIZED AREA FORMULA PROGRAM	20.507	N/A	<u>71,663</u>	-
TOTAL U.S. DEPT. OF TRANSPORTATION			<u>252,666</u>	<u>10,078</u>
<u>U. S. DEPT. OF AGRICULTURE</u>				
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES DIVISION OF SOCIAL SERVICES: ADMINISTRATION: SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER:				
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM ADMINISTRATION	10.561	N/A	880,377	-
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM FRAUD ADMINISTRATION	10.561	N/A	<u>38,761</u>	-
TOTAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER			919,138	-
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES: DIVISION OF PUBLIC HEALTH:				
SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN	10.557	N/A	848,174	-
AGRI-SFP FOOD PROGRAM MEAL	10.559	N/A	1,560	-
DIRECT BENEFIT PAYMENTS: SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS AND CHILDREN				
	10.557	N/A	<u>2,915,994</u>	-
TOTAL U.S. DEPT. OF AGRICULTURE			<u>4,684,866</u>	-
<u>U.S. DEPT. OF HOMELAND SECURITY</u>				
PASSED THROUGH UNITED WAY OF AMERICA, FISCAL AGENT, ALEXANDRIA, VA: EMERGENCY FOOD AND SHELTER				
	97.024	N/A	28,127	-
PASSED THROUGH N.C. DEPT OF CRIME CONTROL AND PUBLIC SAFETY: EMERGENCY MANAGEMENT PERFORMANCE GRANT BUFFER ZONE PROTECTION PROGRAM				
	97.042	N/A	38,833	-
	97.078	2009-BF-T9-0028	<u>112,390</u>	-
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>179,350</u>	-

**DAVIDSON COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS  
Year Ended June 30, 2011**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>FEDERAL AWARDS (CONTINUED):</b>				
<u>U. S. DEPT. OF LABOR</u>				
<u>EMPLOYMENT AND TRAINING ADMINISTRATION</u>				
PASSED THROUGH N.C. DEPT. OF COMMERCE:				
DIVISION OF WORKFORCE DEVELOPMENT:				
WORKFORCE INVESTMENT ACT CLUSTER:				
WORKFORCE INVESTMENT ACT	17.258	09-2020	\$ 80,187	\$ -
WORKFORCE INVESTMENT ACT	17.258	10-2020	150,996	-
WORKFORCE INVESTMENT ACT	17.260	09-2030	83,122	-
WORKFORCE INVESTMENT ACT	17.260	10-2030	201,035	-
WORKFORCE INVESTMENT ACT	17.259	09-2040	70,436	-
WORKFORCE INVESTMENT ACT	17.259	10-2040	117,742	-
WORKFORCE INVESTMENT ACT	17.260	09-2031	7,098	-
WORKFORCE INVESTMENT ACT	17.260	10-2031	5,486	-
WORKFORCE INVESTMENT ACT	17.258	09-2050	27,406	-
WORKFORCE INVESTMENT ACT	17.258	10-2050	19,068	-
WORKFORCE INVESTMENT ACT	17.258	09-2010	3,082	-
WORKFORCE INVESTMENT ACT	17.259	09-2050	26,522	-
WORKFORCE INVESTMENT ACT	17.259	10-2050	24,630	-
WORKFORCE INVESTMENT ACT	17.259	09-2010	2,983	-
WORKFORCE INVESTMENT ACT	17.260	09-2050	34,479	-
WORKFORCE INVESTMENT ACT	17.260	10-2050	35,753	-
WORKFORCE INVESTMENT ACT	17.260	09-2010	3,878	-
WORKFORCE INVESTMENT ACT	17.258	10-2010	14,451	-
WORKFORCE INVESTMENT ACT	17.260	10-2010	27,095	-
WORKFORCE INVESTMENT ACT	17.259	10-2010	18,666	-
WORKFORCE INVESTMENT ACT-ARRA	17.258	08-4020	81,954	-
WORKFORCE INVESTMENT ACT-ARRA	17.260	08-4030	125,210	-
WORKFORCE INVESTMENT ACT-ARRA	17.259	08-4040	105,018	-
WORKFORCE INVESTMENT ACT-ARRA	17.258	08-4010	12,671	-
WORKFORCE INVESTMENT ACT-ARRA	17.260	08-4010	21,646	-
WORKFORCE INVESTMENT ACT-ARRA	17.259	08-4010	18,479	-
PASSED THROUGH NORTHWEST PIEDMONT COUNCIL OF GOVERNMENTS:				
WORKFORCE INVESTMENT ACT PILOTS, DEMONSTRATIONS AND RESEARCH	17.261	N/A	32,900	-
TOTAL U.S. DEPT. OF LABOR			1,351,993	-
<u>U. S. DEPT. OF ENERGY:</u>				
ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROGRAM	14.227	DE-FOA-000013	607,941	-
<u>U. S. DEPT. OF HEALTH AND HUMAN SERVICES</u>				
<u>ADMINISTRATION FOR CHILDREN AND FAMILIES</u>				
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES:				
DIVISION OF SOCIAL SERVICES:				
FAMILY PRESERVATION	93.556	N/A	4,631	-
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES:				
ADMINISTRATION	93.558	N/A	1,138,654	-
DIRECT BENEFIT PAYMENTS	93.558	N/A	461,362	-
CHILD SUPPORT ENFORCEMENT	93.563	N/A	719,023	-
LOW INCOME ENERGY ASSISTANCE:				
ADMINISTRATION	93.568	N/A	122,819	-
DIRECT BENEFIT PAYMENTS	93.568	N/A	1,326,141	-
CRISIS INTERVENTION	93.568	N/A	404,693	-
PERMANENCY PLANNING - SPECIAL	93.645	N/A	77,501	-
FOSTER CARE AND ADOPTION (NOTE 3):				
IV-E FOSTER CARE	93.658	N/A	245,400	73,910
ADOPTION/FOSTER CARE- ARRA	93.658	N/A	24,231	-
IV-E CPS	93.658	N/A	396,693	93,518
ADOPTION/FOSTER CARE	93.658	N/A	430,862	49,388
IV-E OPTIONAL ADOPTION TRAINING	93.659	N/A	10,917	-
ADOPTION ASSISTANCE - DIRECT BENEFIT	93.659	N/A	530,421	116,945

**DAVIDSON COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS  
Year Ended June 30, 2011**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>FEDERAL AWARDS (CONTINUED):</b>				
<u>U. S. DEPT. OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>				
<u>ADMINISTRATION FOR CHILDREN AND FAMILIES (CONTINUED)</u>				
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES (CONTINUED):				
FOSTER CARE AND ADOPTION (NOTE 3)(CONTINUED):				
ADOPTION ASSISTANCE - VENDOR PAYMENTS	93.659	N/A	\$ 970	\$ 485
ADOPTION ASSISTANCE - DIRECT BENEFIT		N/A	-	771,858
ADOPTION ASSISTANCE - VENDOR PAYMENTS		N/A	-	14,713
TOTAL FOSTER CARE AND ADOPTION (NOTE 3)			1,639,494	1,120,817
SOCIAL SERVICES BLOCK GRANT	93.667	N/A	352,364	35,052
IN-HOME SERVICES	93.667	N/A	56,134	-
ADULT DAY CARE	93.667	N/A	39,783	33,643
FAMILY VIOLENCE PREVENTION	93.671	N/A	3,115	-
LINKS	93.674	N/A	7,818	1,955
SUBSIDIZED CHILD CARE (NOTE 3):				
CHILD CARE DEVELOPMENT FUND CLUSTER:				
DIVISION OF SOCIAL SERVICES:				
CHILD CARE DEVELOPMENT FUND-ADMINISTRATION	93.596	N/A	288,354	-
DIVISION OF CHILD DEVELOPMENT:				
CHILD CARE AND DEVELOPMENT FUND-DISCRETIONARY	93.575	N/A	2,575,355	-
CHILD CARE AND DEVELOPMENT FUND-MANDATORY	93.596	N/A	1,150,214	-
CHILD CARE AND DEVELOPMENT FUND-MATCH	93.596	N/A	169,544	90,929
TOTAL CHILD CARE FUND CLUSTER			4,183,467	90,929
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	N/A	828,817	-
SOCIAL SERVICES BLOCK GRANT	93.667	N/A	3,702	-
ARRA-EMERGENCY CONTINGENCY FUND FOR TANF STATE PROGRAMS	93.714	N/A	458,472	-
STATE APPROPRIATIONS		N/A	-	353,748
TANF-MOE		N/A	-	163,908
TOTAL SUBSIDIZED CHILD CARE CLUSTER (NOTE 3)			5,474,458	608,585
DIVISION OF PUBLIC HEALTH:				
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069	N/A	14,818	-
ENVIRONMENTAL PUBLIC HEALTH AND EMERGENCY RESPONSE	93.070	N/A	4,880	-
INJURY PREVENTION AND CONTROL RESEARCH	93.136	N/A	2,821	-
FAMILY PLANNING SERVICES	93.217	N/A	84,256	-
IMMUNIZATION PROGRAM/AID TO COUNTY FUNDING	93.268	N/A	45,823	-
PREVENTION, INVESTIGATIONS, AND				
TECHNICAL ASSISTANCE	93.283	N/A	160,948	36
STATEWIDE HEALTH PROMOTION PROGRAM	93.991	N/A	15,588	-
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT	93.994	N/A	546,042	91,286
TANF	93.558	N/A	15,564	-
<u>ADMINISTRATION ON AGING</u>				
PASSED THROUGH PIEDMONT TRIAD COUNCIL OF GOVERNMENTS:				
AGING CLUSTER:				
SPECIAL PROGRAMS FOR AGING, TITLE III-D	93.043	N/A	4,251	250
SPECIAL PROGRAMS FOR AGING, TITLE III-B	93.044	N/A	191,281	89,112
SOCIAL SERVICES BLOCK GRANT	93.667	N/A	352,907	1,257
NUTRITION SERVICES INCENTIVE PROGRAM	93.053	N/A	58,984	-
SPECIAL PROGRAMS FOR AGING, CONGREGATE NUTRITION	93.045	N/A	133,527	7,856
SPECIAL PROGRAMS FOR AGING, HOME DELIVERED NUTRITION	93.045	N/A	45,890	92,001
SPECIAL PROGRAMS FOR AGING-ARRA	93.707	N/A	9,911	582
TOTAL AGING CLUSTER			796,751	191,058

**DAVIDSON COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS  
Year Ended June 30, 2011**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>FEDERAL AWARDS (CONTINUED):</b>				
<u>U. S. DEPT. OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>				
<u>HEALTH CARE FINANCING ADMINISTRATION</u>				
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES:				
DIVISION OF MEDICAL ASSISTANCE:				
DIRECT BENEFIT PAYMENTS:				
TITLE XIX - MEDICAID	93.778	N/A	\$ 121,314,403	\$ 47,959,512
MEDICAL ASSISTANCE PROGRAM	93.778	N/A	107,689	41,547
DIVISION OF SOCIAL SERVICES:				
MEDICAL ASSISTANCE ADMIN	93.778	N/A	1,138,542	-
ELIGIBILITY WORKERS ADMIN - MA	93.778	N/A	18,322	18,322
ADULT CARE HOME CASE MANAGEMENT	93.778	N/A	41,312	20,450
NC HEALTH CHOICE	93.767	N/A	46,710	7,502
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES			<u>136,182,459</u>	<u>50,129,765</u>
<u>U.S DEPT. OF JUSTICE</u>				
JUSTICE ASSISTANCE GRANT-ARRA	16.738	2009-SB-B9-2751	6,099	-
JUSTICE ASSISTANCE GRANT	16.738	2009-DJ-BX-1091	5,832	-
JUSTICE ASSISTANCE GRANT	16.738	2010-DJ-BX-0145	22,604	-
PASSED THROUGH N.C. DEPT. OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION:				
JUVENILE ASSISTANCE GRANT-ARRA	16.803	N/A	2,189	-
TOTAL U.S. DEPT. OF JUSTICE			<u>36,724</u>	<u>-</u>
<u>INSTITUTE OF MUSEUM &amp; LIBRARY SERVICES</u>				
PASSED THROUGH N.C. DEPT. OF CULTURAL RESOURCES:				
LSTA TECHNOLOGY GRANT- NC CARDINAL	45.310	N/A	16,593	-
TOTAL FEDERAL AWARDS			<u>143,312,592</u>	<u>50,139,843</u>
<b>STATE AWARDS:</b>				
<u>N.C. DEPT. OF HEALTH AND HUMAN SERVICES</u>				
DIVISION OF PUBLIC HEALTH:				
ENVIRONMENTAL	N/A	N/A		4,000
COMMUNICABLE DISEASE	N/A	N/A		3,806
FOOD AND LODGING	N/A	N/A		16,759
GENERAL AID TO COUNTIES	N/A	N/A		212,159
AIDS	N/A	N/A		12,500
TUBERCULOSIS	N/A	N/A		30,686
WOMEN'S PREVENTIVE HEALTH	N/A	N/A		29,200
RISK REDUCTION/HEALTH PROMOTION	N/A	N/A		6,500
SPAY/NEUTER PROGRAM	N/A	N/A		19,445
BREAST & CERVICAL CANCER CONTROL	N/A	N/A		12,163
DIVISION OF SOCIAL SERVICES:				
DIRECT BENEFIT PAYMENTS:				
SPECIAL ASSISTANCE TO ADULTS	N/A	N/A		1,138,316
STATE FOSTER CARE	N/A	N/A		349,035
SHARE THE WARMTH	N/A	N/A		6,678
AFDC PROGRAM INTEGRITY/INCENTIVES	N/A	N/A		121
TANF PROGRAM INTEGRITY/INCENTIVES	N/A	N/A		3,896

**DAVIDSON COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS  
Year Ended June 30, 2011**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
<b>STATE AWARDS (CONTINUED):</b>				
PASSED THROUGH PIEDMONT TRIAD COUNCIL OF GOVERNMENTS: SENIOR CENTER GENERAL PURPOSE	N/A	N/A		\$ 24,488
TOTAL N.C. DEPT. OF HEALTH AND HUMAN SERVICES				<u>1,869,752</u>
<u>N.C. DEPT. OF CULTURAL RESOURCES</u>				
DIVISION OF STATE LIBRARY: AID TO PUBLIC LIBRARIES	N/A	N/A		<u>208,456</u>
<u>N.C. DEPT. OF ADMINISTRATION</u>				
DIVISION OF VETERANS AFFAIRS: VETERAN'S ADMINISTRATION	N/A	N/A		<u>2,000</u>
<u>N.C. DEPT. OF ENVIRONMENT AND NATURAL RESOURCES</u>				
TECHNICAL ASSISTANCE	N/A	N/A		25,500
PESTICIDE CONTAINER RECYCLING GRANT	N/A	N/A		<u>100</u>
TOTAL N.C. DEPT. OF ENVIRONMENT AND NATURAL RESOURCES				<u>25,600</u>
<u>N.C. DEPT. OF TRANSPORTATION</u>				
PUBLIC TRANSPORTATION DIVISION:				
RURAL OPERATING ASSISTANCE PROGRAM (ROAP)				
ROAP ELDERLY AND DISABLED TRANSPORTATION	N/A	36220.10.3.1		133,514
ROAP RURAL GENERAL PUBLIC TRANSPORTATION	N/A	36228.22.3.1		169,557
ROAP WORKFIRST	N/A	36236.11.2.1		<u>55,292</u>
TOTAL N.C. DEPT. OF TRANSPORTATION				<u>358,363</u>
<u>N.C. DEPT. OF PUBLIC INSTRUCTION</u>				
PUBLIC SCHOOL BUILDING CAPITAL FUND	N/A	N/A		<u>1,674,758</u>
<u>N.C. DEPT. OF CORRECTIONS</u>				
CRIMINAL JUSTICE PARTNERSHIP PROGRAM: IMPLEMENTATION	N/A	N/A		<u>123,533</u>
<u>N.C. OFFICE OF JUVENILE JUSTICE</u>				
JUVENILE JUSTICE AND DELINQUENCY PREVENTION	N/A	N/A		<u>421,055</u>
TOTAL STATE AWARDS				<u>4,683,517</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 143,312,592</u>	<u>\$ 54,823,360</u>

**DAVIDSON COUNTY, NORTH CAROLINA  
NOTES TO THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AND STATE AWARDS  
June 30, 2011**

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Davidson County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *the State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements. Certain benefit payments are paid directly to recipients and are not included in the County's financial statements. However, due to the County's involvement in determining eligibility, they are considered federal or state awards to the County and are included on this schedule.

2. Subrecipients

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

<u>Subrecipient</u>	<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Family Services of Davidson County	Juvenile Justice and Delinquency Prevention	N/A	\$ 260,156
Davidson County Schools	Juvenile Justice and Delinquency Prevention	N/A	34,904
The Life Center	Special Programs for Aging	N/A	123,461
Mills Home	Juvenile Justice and Delinquency Prevention	N/A	27,500
Project Challenge, Inc.	Juvenile Justice and Delinquency Prevention	N/A	62,139
Monarch	Juvenile Justice and Delinquency Prevention	N/A	21,170

3. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes - Subsidized Child Care and Foster Care and Adoption.