

LEE COUNTY

NORTH CAROLINA

Committed Today for a Better Tomorrow

Compliance Letters

**For the Fiscal Year Ended
June 30, 2010**

**LEE COUNTY, NORTH CAROLINA
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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*

Board of Commissioners
Lee County
Sanford, 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 Lee County, North Carolina, as of and for the year ended June 30, 2010, not presented here, which collectively comprises the County's basic financial statements, and have issued our report thereon dated October 25, 2010. 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

In planning and performing our audit, we considered Lee 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 Lee 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.

October 25, 2010

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

Board of Commissioners
Lee County
Sanford, North Carolina

Compliance

We have audited Lee 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, 2010. The County's major Federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lee County's management. Our responsibility is to express an opinion on Lee 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 Lee 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 Lee County's compliance with those requirements.

In our opinion, Lee 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, 2010.

Internal Control Over Compliance

Management of Lee 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 Lee 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 Lee 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, each major fund, and the aggregate remaining fund information of Lee County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise Lee County's basic financial statements and have issued our report thereon dated October 25, 2010. Our audit was performed for the purpose of forming an opinion of the financial statements that collectively comprise Lee 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Commissioners, 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.
October 25, 2010

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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

Board of Commissioners
Lee County
Sanford, North Carolina

Compliance

We have audited Lee 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, 2010. The County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of Lee County's management. Our responsibility is to express an opinion on Lee 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 Lee 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 Lee County's compliance with those requirements.

In our opinion, Lee 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, 2010.

Internal Control Over Compliance

Management of Lee 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 Lee 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 Lee County's internal control over compliance.

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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.
October 25, 2010

LEE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010

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?	No
Non-compliance material to financial statements noted	No

Federal Awards

Internal control over major federal programs:	
• Material weakness identified?	No
• Significant deficiency identified?	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

LEE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010

Identification of major federal programs:

<u>Federal Program/Cluster Name</u>	<u>CFDA Number</u>
Special Supplemental Nutrition Program For Women, Infants, and Children	10.557
Subsidized Child Care Program (cluster)	93.575, 93.596, & 93.713
Medicaid	93.778
Supplemental Nutrition Assistance Program	10.561

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$1,641,440</u>
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Auditee qualified as low-risk auditee?	No
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State Awards

Internal control over major State programs:

- | | |
|--------------------------------------|----|
| • Material weakness identified? | No |
| • Significant deficiency identified? | No |

Type of auditors' report issued on compliance for major State programs	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	No
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Identification of major State programs:

Program Name

State/County Special Assistance for Adults
Subsidized Child Care Program (cluster)
Medicaid
Public School Building Capital Fund

LEE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010

Section II - Financial Statements Findings

None reported

Section III - Federal and State Award Findings and Questioned Costs

None reported

LEE COUNTY, NORTH CAROLINA

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

None reported

LEE COUNTY, NORTH CAROLINA
 Schedule of Expenditures of Federal and State Awards
 For the Year Ended June 30, 2010

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>FEDERAL GRANTS</u>					
U.S. Department of Agriculture					
Food and Nutrition Service					
Passed through N. C. Department of Health and Human Services					
Division of Public Health					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		\$ 320,831	\$ -	\$ -
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		<u>2,132,473</u>	<u>-</u>	<u>-</u>
Total Special Supplemental Nutrition Program for Women, Infants, & Children			<u>2,453,304</u>	<u>-</u>	<u>-</u>
Passed through N.C. Department of Health and Human Services					
Division of Social Services					
Administration:					
Supplemental Nutrition Assist. Program Cluster State Administrative Matching Grants for Supplemental Nutrition Assist. Program	10.561		377,147	-	305,725
Passed through Triangle J Council of Governments:					
Nutrition Services Incentive	10.570		13,453	-	-
Passed through N. C. Department of Public Instruction					
Child Nutrition Cluster:					
School Breakfast Program	10.553		457	-	-
National School Lunch Program	10.555		<u>607</u>	<u>-</u>	<u>-</u>
Total Child Nutrition Cluster			<u>1,064</u>	<u>-</u>	<u>-</u>
Total US Department of Agriculture			<u>2,844,968</u>	<u>-</u>	<u>305,725</u>
U.S. Department of Health and Human Services					
Direct Program					
Runaway and Homeless Youth Program	93.623		<u>75,000</u>	<u>-</u>	<u>-</u>

(Continued)

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended June 30, 2010

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
<u>FEDERAL GRANTS (Continued)</u>					
U.S. Department of Health and Human Services (Continued)					
Office of the Secretary					
Passed through N. C. Department of Health and Human Services					
Division of Public Health					
Family Planning Services	93.218		47,778	-	-
Immunization Program/Aid to County Funding	93.268		17,314	-	-
Prevention Investigations and Technical Assistance	93.283		148,814	-	-
Temporary Assistance for Needy Families	93.558		6,703	-	-
Maternal and Child Health Services Block Grant	93.994		123,373	-	-
Administration for Children and Families					
Passed through N.C. State Board of Elections					
Voting Access for Individuals with Disabilities	93.618		<u>1,398</u>	<u>-</u>	<u>-</u>
Passed through N. C. Department of Health and Human Services					
Division of Social Services					
Foster Care and Adoption Cluster:					
Title IV-E Foster Care-Administration	93.658		174,895	24,789	149,254
Title IV-E Optional Adoption Training	93.659		16,301	-	16,301
Foster Care - Direct Benefit Payments	93.658		84,054	23,768	19,178
Adoption Assistance - Direct Benefit Payments	93.659		<u>215,134</u>	<u>43,658</u>	<u>43,658</u>
Total Foster Care and Adoption Cluster			<u>490,384</u>	<u>92,215</u>	<u>228,391</u>
Temporary Assistance for Needy Families Cluster					
Temporary Assistance for Needy Families/Work First					
	93.558		362,986	-	555,063
Direct Benefit Payments:					
Temporary Assistance for Needy Families	93.558		<u>281,906</u>	<u>-</u>	<u>-</u>
Total TANF Cluster			<u>644,892</u>	<u>-</u>	<u>555,063</u>

(Continued)

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended June 30, 2010

<u>Grantor/Pass-through</u> <u>Grantor/Program title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
FEDERAL GRANTS (Continued)					
U.S. Department of Health and Human Services (Continued)					
Administration for Children and Families (Continued)					
Passed through N. C. Department of Health and Human Services (Continued)					
Division of Social Services (Continued)					
N. C. Child Support Enforcement Section	93.563		519,522	-	229,502
Low-Income Home Energy Assistance	93.568		266,767	-	13,585
Child Welfare Services - State Grants -					
Permanency Planning - Families for Kids	93.645		7,739	2,785	-
SSBG - Other Service and Training	93.667		213,832	16,717	417,886
Independent Living Grant	93.674		5,519	452	
Direct Benefit Payments:					
Low-Income Home Energy Assistance	93.568		309,718	-	-
Permanency Planning:					
Child Welfare Services - Families for Kids	93.645		-	146,161	34,565
Division of Child Development					
Subsidized Child Care Cluster:					
Child Care Development Fund Cluster:					
Division of Social Services					
Childcare Development Fund -					
Administration	93.596		123,191	-	-
Division of Child Development					
Child Care and Development Block Grant	93.575		1,027,169	-	-
Child Care and Development Fund -					
Mandatory	93.596		224,612	-	-
Child Care and Development Fund -					
Match	93.596		432,616	232,231	-
ARRA - Child Care and Development Block					
Grant	93.713		171,534	-	-
Total Child Care Development Fund Cluster			1,979,122	232,231	-
Social Services Block Grant	93.667		12,432	-	-
Temporary Assistance for Needy Families	93.558		300,185	-	-
State Funds:					
Smart Start			-	33,108	-
State Appropriations			-	91,604	-
Maintenance of Effort			-	275,493	-
Total Subsidized Child Care			2,291,739	632,436	-
Passed through Johnston Lee Harnett					
Community Action					
ARRA - Community Services Block Grant	93.710		32,638	-	-

(Continued)

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended June 30, 2010

Grantor/Pass-through Grantor/Program title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures	Local Expenditures
<u>FEDERAL GRANTS (Continued)</u>					
U.S. Department of Health and Human Services (Continued)					
Administration on Aging					
Division of Aging and Adult Services					
Passed through Triangle J Council of Governments					
Special Programs for the Aging - Title III-F Disease Prevention & Health Promotion Services	93.043		1,842	108	239
National Family Caregiver Support	93.052		32,472	2,165	-
Aging Cluster:					
Special Programs for the Aging - Title III B, Grants for Supportive Services and Senior Centers	93.044		100,328	5,901	75,259
Special Programs for the Aging - Title III C - Nutrition Service	93.045		38,109	2,241	90,756
ARRA - Aging Home - Delivered Nutrition Services for States	93.705		1,340	79	2,867
ARRA - Congregate Nutrition Services for States	93.707		<u>9,921</u>	<u>584</u>	<u>24,430</u>
Total Aging Cluster			<u>149,698</u>	<u>8,805</u>	<u>193,312</u>
Social Services Block Grant (SSBG) - In Home Services	93.667		11,680	334	12,048
Centers for Medicare and Medicaid Services					
Passed through NC Department of Insurance					
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779		2,649	-	-
Passed through N. C. Department of Health and Human Services					
Division of Medical Assistance					
Direct Benefit Payments:					
Medical Assistance Program	93.778		44,545,515	15,661,342	21,246
Division of Social Services					
Administration and Services:					
Medical Assistance Program	93.778		1,081,360	37,070	671,256
State Children's Insurance Program	93.767		<u>31,326</u>	<u>1,931</u>	<u>8,221</u>
Total U.S. Department of Health and Human Services			<u>51,059,672</u>	<u>16,602,521</u>	<u>2,385,314</u>

(Continued)

LEE COUNTY, NORTH CAROLINA
 Schedule of Expenditures of Federal and State Awards (Continued)
 For the Year Ended June 30, 2010

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>FEDERAL GRANTS (Continued)</u>					
U.S. Department of Homeland Security					
Passed through N.C. Department of Crime Control and Public Safety					
Division of Emergency Management:					
Emergency Management - Performance					
Grants	97.042		35,523	-	-
State Homeland Security Program	97.073		<u>30,747</u>	-	-
Total U.S. Department of Homeland Security			<u>66,270</u>	-	-
U.S. Department of Justice					
Direct Programs					
Paul Coverdell Forensic Sciences Improvements Grant Program	16.742		35,735	-	-
ARRA - Assistance to Rural Law Enforcement to Combat Crime & Drugs Competitive Grant Program	16.810		156,010	-	-
Bureau of Justice Assistance					
Direct Program					
Bulletproof Vest Partnership Program	16.607		1,407	-	-
Passed through N.C. Department of Crime Control and Public Safety					
Governors Crime Commission					
Edward Byrne Memorial Justice Assistance Grant Program	16.738		97,676	-	-
Passed through N.C. Department of Juvenile Justice and Delinquency Prevention					
Governors Crime Commission					
ARRA - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803		1,384	-	-
Passed through the City of Sanford					
Edward Byrne Memorial Justice Assistance Grant Program	16.738		8,727	-	-
ARRA- Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/ Grants to Local Units of Government	16.804		<u>29,330</u>	-	-
Total U.S. Department of Justice			<u>330,269</u>	-	-

(Continued)

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended June 30, 2010

<u>Grantor/Pass-through</u> <u>Grantor/Program title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<u>FEDERAL GRANTS (Continued)</u>					
U.S. Department of Labor					
Employment and Training Administration					
Passed through N.C. Department of Commerce					
Division of Employment and Training					
WIA Youth Program	17.259		41,231	-	-
Total U.S. Department of Labor			41,231	-	-
U.S. Department of Transportation					
Passed through N.C. Department of Transportation:					
Nonurbanized Area Formula Program	20.509	09-CT-061 WBS. #36233.65.10.1	24,669	1,542	4,625
Nonurbanized Area Formula Program	20.509	10-CT-061 WBS #36233.65.11.1	107,403	6,713	20,138
Nonurbanized Area Formula Program	20.509	10-CT-061 WBS. #36233.65.11.3	3,599	450	451
Total U.S. Department of Transportation			135,671	8,705	25,214
U.S. Department of Housing and Urban Development					
Passed through N.C. Department of Commerce					
Division of Community Assistance					
Community Development Block Grant	14.228		236,587	-	-
Total U.S. Department of Housing and Urban Development			236,587	-	-
<u>STATE GRANTS</u>					
N.C. Department of Health and Human Services					
Division of Aging					
Passed through Triangle J Council of Governments:					
Senior Center Grant			-	12,650	4,217
Access and In Home Services - 90% State Funds			-	180,320	141,195
Nutrition Services - 90% State Funds			-	4,451	8,994
Fans Program			-	722	-

(Continued)

LEE COUNTY, NORTH CAROLINA
 Schedule of Expenditures of Federal and State Awards (Continued)
 For the Year Ended June 30,2010

<u>Grantor/Pass-through</u> <u>Grantor/Program title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
STATE GRANTS (Continued)					
N.C. Department of Transportation					
Elderly and Handicapped Transportation Assistance Program			-	95,929	-
Rural Public Transportation Assistance			-	94,292	-
N.C. Department of Cultural Resources					
 Division of State Library					
State Aid to Libraries			-	99,872	-
N.C. Department of Justice					
Safe Roads Act			-	4,405	-
N.C. Division of Veterans' Affairs					
Veterans' Services			-	2,000	18,475
N.C. Department of Crime Control and Public Safety					
 Governor's Crime Commission					
Gang Violence Prevention Program			-	24,892	-
N.C. Department of Health and Human Services					
 Division of Public Health					
General Administration			-	88,960	-
Minority Health			-	34,671	-
Communicable Disease			-	3,464	-
Tuberculosis			-	8,509	-
AIDS-State			-	500	-
Women's Preventative Health			-	4,425	-
Risk Reduction/Health Promotion			-	10,986	-
TB Medical Services			-	1,529	-
Breast and Cervical Cancer Control			-	8,925	-
Wisewomen			-	4,100	-
Preparedness and Response			-	39,630	-
 Administration and Services:					
CP&L Energy Program			-	6,907	-
Adult Protective Services			-	10,581	10,882
CPS Expansion			-	27,386	1,275
 Direct Benefit Payments:					
State/County Special Assistance for Adults			-	460,891	460,891
State Foster Care Benefits Program			-	136,527	70,449
N. C. Division for Blind			-	73	-

(Continued)

LEE COUNTY, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards (Continued)
For the Year Ended June 30, 2010

<u>Grantor/Pass-through Grantor/Program title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
STATE GRANTS (Continued)					
N.C. Department of Juvenile Justice and and Delinquency Prevention					
JCPC Funding			-	161,771	-
N.C. Department of Public Instruction					
Public School Building Capital Fund			-	1,200,400	-
Total Assistance			<u>\$ 54,714,668</u>	<u>\$ 19,340,994</u>	<u>\$ 3,432,631</u>

Notes to the Preceding Schedule:

Note 1 - Major Program

Cluster programs are considered as one program for determining major programs in accordance with OMB Circular A-133. Also, the federal portion of cluster programs is included when identifying major programs for calculating the percentage of coverage of federal awards expanded. 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.

Note 2 - Basis of Presentation

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

Note 3 - CFDA's Funded By Multiple Pass-Through Divisions

The following CFDA's were funded by multiple pass-through divisions (agencies, etc). The following provides our total expenditures for those CFDA's.

<u>CFDA #</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
16.738	\$ 106,403	\$ -	\$ -
93.558	951,780	-	555,063
93.568	576,485	-	13,585
93.645	7,739	148,946	34,565
93.667	237,944	17,051	429,934
93.778	45,626,875	15,698,412	692,502