

LINCOLN COUNTY

NORTH CAROLINA



COMPLIANCE LETTERS

**For the Fiscal Year Ended
June 30, 2013**

LINCOLN COUNTY, NORTH CAROLINA

COMPLIANCE LETTERS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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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*

Independent Auditor's Report

To the Board of Commissioners
Lincoln County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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 Lincoln County, North Carolina, as of and for the year ended June 30, 2013, not presented here, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements, and have issued our report thereon dated November 25, 2013. The financial statements of the Lincoln County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lincoln County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. And therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2013-001, 2013-002, and 2013-003 in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln County's financial statements are free from 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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001, 2013-002, and 2013-004.

Lincoln County's Responses to Findings

Lincoln County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Lincoln County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and; accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, NC

November 25, 2013

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

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Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required By OMB Circular A-133; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Lincoln County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Lincoln County, North Carolina, compliance with the types of compliance requirements described in the 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 Lincoln County's major federal programs for the year ended June 30, 2013. Lincoln County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lincoln County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Lincoln 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Lincoln County's compliance.

Opinion on Each Major Federal Program

In our opinion, Lincoln County complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lincoln County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the State Single Audit Implementation Act

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 Lincoln County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements. We issued our report thereon dated November 25, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lincoln 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 additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, NC

November 25, 2013

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Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required By OMB Circular A-133; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Lincoln County, North Carolina

Report on Compliance for Each Major State Program

We have audited Lincoln County, North Carolina, compliance with the types of compliance requirements described in 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 Lincoln County's major state programs for the year ended June 30, 2013. Lincoln County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Lincoln County's major state programs based on our audit of the types of compliance requirements referred to above. 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, *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 state program occurred. An audit includes examining, on a test basis, evidence about Lincoln 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 on compliance for each major state program. However, our audit does not provide a legal determination of Lincoln County's compliance.

Opinion on Each Major State Program

In our opinion, Lincoln County complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lincoln County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the State Single Audit Implementation Act

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 Lincoln County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lincoln County's basic financial statements. We issued our report thereon dated November 25, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lincoln 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 additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, NC

November 25, 2013

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:	<input type="checkbox"/>	Yes	<input type="checkbox"/> No
• Material weaknesses identified?	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> None Reported
• Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None Reported

Non-compliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
• Material weaknesses identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None Reported
• Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No

Identification of major federal programs:

Medicaid Cluster 93.778, 93.720, 93.775, 93.777
Adoption Assistance 93.659

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 1,915,828

Auditee qualified as low-risk auditee? Yes No

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

State Awards

Internal control over major State programs:

- Material weaknesses identified? _____ Yes No
- Are any significant deficiencies identified not considered to be material weaknesses? _____ Yes No

Type of auditor's report issued on compliance for major State programs _____ Unmodified

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

Identification of major State programs:

Program Name:

Medicaid Cluster
Subsidized Child Care Cluster

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

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

Finding 2013-001

Criteria: NC General Statute 159-8(a) requires all monies received and expended by a local government to be included in the budget ordinance.

Condition: Commissary revenues, that are County revenues, are recorded in the trust fund that is monitored by the Sheriff's department. The revenues recorded in the Commissary Account include earnings from inmate purchases that should be in County's main fund. Revenues generated by the commissary account are being used to fund Sheriff's department expenditures within this account that are not trustee-related expenditures. The activity "the Commissary Account" is not included in the General Fund budget ordinance.

Effect: Expenditures from this fund are in violation of NC General Statutes.

Cause: Commissary revenues and expenditures are improperly recorded in an agency fund.

Context: While documenting internal controls related to Sheriff's Department cash receipts and disbursements, the above conditions were noted. Of five expenditures selected, all five were for Sheriff's department-related expenditures and were improperly recorded in the agency fund.

Recommendation: All commissary funds should be budgeted within the General Fund and maintained directly by the Finance Department in accordance with NC General Statutes.

Name of Contact Person: Deanna Rios, Finance Director

Management Response: Management concurs and will take prompt action to budget in an annually budgeted fund.

Finding 2013-002:

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting and to ensure compliance with the General Statutes and other Administrative Codes.

Condition: There are internal control weaknesses and General Statute and Administrative Code violations regarding the Inmate Trust Fund. Several trustees of the County had negative balances in their accounts during the month selected for testing.

Effect: Trust funds held by the County may be expended improperly.

Cause: Inadequate internal controls over the Inmate Trust Fund, inadequate training over the requirements of maintaining a trust fund account.

Context: Out of inmate accounts examined, two inmate accounts selected for testing were found to have negative balances.

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

Recommendation: The County should more closely monitor the Inmate Trust Fund accounts to ensure that there is proper funding prior to disbursement. This requires timely reconciliations. The County should investigate the propriety of all transactions regarding the Inmate Trust Fund and establish assurance that the inmate trustees' funds are intact and properly accounted for.

Name of Contact Person: Deanna Rios, Finance Director

Management's Response/Corrective Action: Management will implement stringent controls over the Inmate Trust Fund to prohibit disbursements from accounts not having adequate funding. Management will require timely reconciliations and propriety of all transactions regarding inmate trust accounts to ensure that the County is not in violation of the General Statutes and Administrative Codes.

Finding 2013-003:

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Cash collected on behalf of inmates is not being deposited in the bank daily in accordance with County policy.

Effect: Failure to make timely deposits could lead to increased risk of fraudulent activity and errors in financial reporting.

Cause: One employee has the responsibility of depositing the funds and there is no back-up employee designated to make the deposit in this employee's absence.

Context: While examining internal control procedures, we noted that there is no designated back-up employee to ensure that the cash is deposited in the bank in a timely manner. Specifically noted an instance where a daily deposit was not made due to the absence of the designated employee.

Recommendation: Cash and checks that are collected on behalf of inmates should be deposited in a timely manner and a back-up person should be designated to ensure that cash is deposited daily.

Name of Contact Person: Deanna Rios, Finance Director

Management's Response/Corrective Action: Management is aware of the weakness and concurs with the recommendation. Actions have already been taken and the problem has been corrected.

LINCOLN COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

Finding 2013-004 Deficit Fund Equity

Criteria: North Carolina General Statutes preclude units from having funds that operate in a deficit.

Condition: In the current year, there was a violation of the General Statutes regarding deficit fund equity.

Effect: The County was in violation of North Carolina General Statutes.

Cause: The County adopted a balanced budget however; revenues were insufficient to cover the cost of operations.

Context: During our review of the drafted financial statements, we noted that the condition described above.

Recommendation: The County should reevaluate the cost of providing services and adjust charges to insure that revenues cover all related costs in the internal service fund.

Contact Person: Dianna Rios, Finance Director

Management's Response/Corrective Action: Management will evaluate charges related to the Workers' Compensation Internal Service Fund and the East Lincoln County Water and Sewer District Fund and will take measures to ensure charges cover costs.

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

None

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

None

LINCOLN COUNTY, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

2012-01: Repeated as 2013-004.

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>State/ Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
Federal Awards:				
U.S. Dept. of Agriculture				
Food and Nutrition Service				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
Supplemental Nutrition Assist. Program Cluster				
State Administrative Matching Grants for				
Supplemental Nutrition Assistance Program	10.561		\$ 436,426	\$ -
Supplemental Nutrition Assistance Fraud Admin	10.561		26,261	-
Total Supplemental Nutrition Assistance Cluster			<u>462,687</u>	<u>-</u>
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Administration:				
Special Supplemental Nutrition Program for				
Women, Infants, & Children (WIC)	10.557		368,989	-
Direct Benefit Payments:				
Special Supplemental Nutrition Program for				
Women, Infants, & Children (WIC)	10.557		1,198,506	-
Total U.S. Department of Agriculture			<u>2,030,182</u>	<u>-</u>
U.S. Dept. of Justice				
Office of Community Oriented Policing Services				
ARRA - Public Safety Partnership & Community Policing Grants	16.710		178,210	-
Total Office of Community Oriented Policing Services			<u>178,210</u>	<u>-</u>
State Criminal Alien Assistance Program	16.606		5,862	-
Passed-through N.C. Dept. of Crime Control and Public Safety				
ARRA - Edward Byrne Memorial Competitive Grant Program	16.808		6,502	-
Total U.S. Dept. of Justice			<u>190,574</u>	<u>-</u>
U.S. Dept. of Transportation				
Passed-through the N.C. Department of Transportation				
Formula Grant for Rural Areas- Admin	20.509	51003.41.3.STT1	47,201	-
Passed-through the N.C. Department of Transportation				
Formula Grant for Rural Areas- Admin	20.509	36233.114.2.1	13,824	864
Formula Grant for Rural Areas- Admin	20.509	36233.114.3.1	141,626	8,851
Formula Grant for Rural Areas- Admin	20.509	36233.114.3.3	482	60
Total U.S. Dept. of Transportation			<u>203,133</u>	<u>9,775</u>

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>State/ Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
U. S. Department of Homeland Security				
Passed-through N.C. Dept. of Public Safety:				
Division of Emergency Management				
Assistance to Firefighters Grant	97.044		64,914	-
Total U. S. Department of Homeland Security			64,914	-
U. S. Department of Housing and Urban Development				
Passed-through N.C. Department of Commerce:				
CDBG-State-Administered CDBG Cluster				
Community Development Block Grant	14.228		103,373	-
Total U. S. Department of Housing and Urban Development			103,373	-
U.S. Dept. of Health & Human Services				
<u>Administration for Community Living</u>				
<u>Division of Social Services</u>				
Passed-through Centralina Council Governments				
<u>Aging Cluster:</u> ²				
Special Programs for the Aging - Title III B				
Access	93.044		90,434	49,211
In-Home	93.044		85,697	193,818
Title III C1 (Nutrition Services)	93.045		65,049	18,306
Total Aging Cluster			241,180	261,335
USDA Supplement	10.570		7,618	-
National Family Caregiver Support, Title III E	93.052		36,382	2,100
Special Programs for the Aging, Title III, Part D Disease Prevention and Health Promotion Services	93.043		2,612	150
Total Division of Social Services			287,792	263,585
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
<u>Foster Care and Adoption Cluster:</u> ²				
Administration:				
ARRA IV-E Adoption	93.659		1,533	-
ARRA IV-E Adoption Training	93.659		4,204	-
ARRA IV-E Optional Adoption Training	93.659		13,219	-
ARRA IV-E Adoption/Off Training	93.659		640	-
ARRA IV-E Child Protective Services	93.658		151,206	34,483
ARRA IV-E Admin Foster Care	93.658		967	-
ARRA IV-E Foster Care TRN	93.658		3,610	-
ARRA IV-E Foster Care/Off TRN	93.658		211,437	-
Direct Benefit Payments:				
ARRA IV-E Admin County Paid to CCI	93.658		24,305	12,153
ARRA IV-E Foster Care	93.658		96,552	25,442
ARRA IV-E Foster Care In Excess	93.658		21,500	5,661
ARRA IV-E Max Level III	93.658		11,955	-
ARRA IV-E Adoption Subsidy & Vendor	93.659		303,514	80,863
Total Foster Care and Adoption Cluster			844,642	158,602

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>State/ Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
Temporary Assistance for Needy Families Cluster:				
Administration:				
Temporary Assistance for Needy Families (TANF)/ Work First	93.558		149,043	-
Temporary Assistance for Needy Families (TANF)/ Work First Service	93.558		781,920	-
Direct Benefit Payments:				
Temporary Assistance for Needy Families (TANF)/ Work First Payments & Penalties	93.558		274,945	(55)
Temporary Assistance for Needy Families (TANF)/ Work First UP	93.558		(214)	-
Total Temporary Assistance for Needy Families Cluster			1,205,694	(55)
Administration:				
Chafee Foster Care Independence Program	93.674		8,554	2,138
Social Services Block Grant	93.667		122,637	15,683
Permanency Planning - Families for Kids	93.645		34,385	2,781
Low Income Home Energy Assistance	93.568		53,948	-
Child Support Enforcement	93.563		472,137	-
Promoting Safe and Stable Families	93.556		5,104	-
Foster Care	93.658		83,396	-
State County Special Assistance			-	11,084
Child Support Enforcement-ESC	93.563		166	-
Child Support Enforcement-Federal	93.563		2,762	-
DCD Smart Start			-	70,000
AFDC Incent/Program Integrity			-	530
Direct Benefit Payments:				
Chafee Foster Care Independence Program	93.674		39,343	-
Refugee and Entrant Assistance-State Administered Programs	93.566		2,896	-
Low Income Energy Assistance Payments	93.568		175,400	-
Crisis Intervention Program	93.568		383,144	-
AFDC Family Support Payments & Penalties	93.560		(215)	(59)
CWS Adopt Subsidy & Vendor			-	297,538
F/C At Risk Maximization			-	4,427
SC/SA Domiciliary Care Payment			-	475,401
SFHF Maximization			-	36,767
State Foster Home			-	67,796
Total Division of Social Services			3,433,993	1,142,633
Division of Aging:				
Division of Social Services:				
Administration:				
Social Services Block Grant CPS TANF to SSBG	93.667		106,358	-
Social Services Block Grant In-Home Services	93.667		3,910	-
Social Services Block Grant In-Home Services over 60	93.667		3,575	-
Social Services Block Grant Adult Protective Services	93.667		36,296	-
Social Services Block Grant Adult Day Care	93.667		-	1,010
Total Division of Aging			150,139	1,010
Subsidized Child Care Program Cluster: (2)				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services:				
Child Care Development Fund-Administration	93.596		80,000	-
Division of Child Development:				
Child Care and Development Fund -- Discretionary	93.575		601,930	-
Child Care and Development Fund -- Mandatory	93.596		292,798	-
Child Care and Development Fund -- Match	93.596		520,754	246,531
Total Child Care and Development Fund Cluster			1,495,482	246,531

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>State/ Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
Temporary Assistance for Needy Families (TANF)	93.558		380,204	-
ARRA - Emergency Contingency Fund for				
Social Services Block Grant	93.667		2,079	-
ARRA Foster Care Title IV-E	93.658		15,815	7,309
Smart Start			-	45,717
State Appropriations			-	42,290
TANF-MOE			-	158,267
Total Subsidized Child Care Program Cluster			1,893,580	500,114
 <u>Center for Medicare and Medicaid Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Medicaid Cluster:				
Division of Medical Assistance:				
Administration:				
Adult Care Home (Case Management) and (Specialist)	93.778		63,396	23,902
Medical Assistance Expansion	93.778		11,257	11,257
Medical Assistance Admin	93.778		749,281	-
Medical Transportation Admin	93.778		85,893	-
Medical Transportation Service	93.778		5,560	2,935
Direct Benefit Payments:				
Medical Assistance Program	93.778		54,355,533	29,988,290
Total Medicaid Cluster			55,270,920	30,026,384
Children's Health Insurance Program North Carolina Health Choice	93.767		29,830	-
 <u>Health Resources and Service Administration</u>				
Passed-through the N.C. Dept. of Health and Human Services				
Division of Public Health				
Maternal and Child Health Services Block Grant	93.994		61,693	46,276
Total N.C. Office of Emergency Medical Services			61,693	46,276
 <u>Office of Population Affairs</u>				
Passed-through the N.C. Dept. of Health and Human Services				
Office of Population Affairs				
Family Planning Services	93.217		22,418	-
Total N.C. Office of Emergency Medical Services			22,418	-
 <u>Center for Disease Control and Prevention</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Public Health Emergency Preparedness	93.069		47,843	-
Immunization Cooperative Agreements	93.268		18,743	-
CDC Prevention Investigations and Technical Assistance	93.283		493	-
Breast and Cervical Cancer Screening	93.744		9,000	-
Cooperative Agreements for State-Based Comprehensive				
Breast and Cervical Cancer Early Detection Programs	93.919		40,035	5,100
Preventative Health and Health Services Block Grant	93.991		2,264	-
Total Division of Public Health			118,378	5,100
Total U.S. Dept. of Health and Human Services			61,268,743	31,985,102
Total federal awards			63,860,919	31,994,877

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>State/ Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
State Awards:				
N.C. Dept. of Agriculture and Consumer Services				
Division of Soil & Water				
Soil & Water Technical Assistance			26,675	
State Administrative Match Funds			3,600	
Total N.C. Dept. of Agriculture and Consumer Services			30,275	
N.C. Dept. of Health and Human Services				
Division of Public Health				
Food and Lodging			7,481	
Environmental Health			4,000	
General Aid to Counties			100,520	
General Communicable Disease Control			12,488	
Rick Reduction/Health Promotion			6,206	
HWTF - Teen Tobacco			(91)	
WHSF			1,199	
Healthy Communities			2,839	
School Nurse Funding Initiative			150,000	
TB Medical Service			787	
Tuberculosis			1,824	
Division of Aging and Adult Services				
Passed-through Centralina Council Governments				
Senior Center General			3,916	
Fan/Heat Program			1,263	
Total Division of Public Health			292,432	
Total N. C. Department of Health and Human Services			292,432	
N.C. Dept. of Public Safety				
Division of Juvenile Justice				
Juvenile Crime Prevention Programs			9,825	
Administration			27,689	
CIS Strengthening Families			19,704	
Juvenile Mediation			30,789	
CIS Gives Back			62,281	
CIS After School Program			15,000	
Drug & Alcohol Counseling			17,850	
Family Centered Treatment			1,549	
Gang Prevention			150,842	
Multisystemic Therapy			335,529	
Total Division of Juvenile Justice				
Division of Crime Control and Public Safety				
EMPG Grant			15,716	
SEP Grant			35,000	
Total Division of Crime Control and Public Safety			50,716	
Total N.C. Department of Public Safety			386,245	

LINCOLN COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>State/ Fed. (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Capital Fund				
Lottery Proceeds			809,283	
Total N.C. Department of Public Instruction			809,283	
<u>N.C. Dept. of Transportation</u>				
Work First		DOT-16CL	18,528	
Program (EDTAP)		DOT-16CL	67,748	
ROAP Rural General Public Transportation		DOT-16CL	88,356	
Total N.C. Dept. of Transportation			174,632	
<u>N.C. Dept. of Cultural Resources</u>				
State Aide for Library			116,456	
LSTA Project Technology Grant			100,000	
Total N.C. Dept. of Cultural Resources			216,456	
<u>N.C. Dept. of Insurance</u>				
SHIIP Grant			5,936	
Total N.C. Dept. of Insurance			5,936	
Total State awards			1,915,259	
Total federal and State awards			<u>\$ 63,860,919</u>	<u>\$ 33,910,136</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:**Basis of Presentation**

1. The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Lincoln 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 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.
2. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Aging Cluster, Foster Care and Adoption Cluster, and Subsidized Child Care Program Cluster.