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Martin Starnes & Associates, CPAs, P.A.

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

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**Report On Internal Control Over Financial Reporting And On Compliance and Other Matters  
Based On An Audit of Financial Statements Performed In Accordance  
With Government Auditing Standards**

To the Board of Commissioners  
Lincoln County, North Carolina

We have audited the accompanying 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, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 26, 2007. We did not audit the financial statements of the Lincoln County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lincoln County ABC Board is based solely on the reports of the other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, we considered Lincoln County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lincoln 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be 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 Lincoln County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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 noncompliance 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, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
October 26, 2007



**Report On Compliance With Requirements Applicable To Each Major Federal  
Program And Internal Control Over Compliance In Accordance With  
OMB Circular A-133 And The State Single Audit Implementation Act**

To the Board of Commissioners  
Lincoln County, North Carolina

**Compliance**

We have audited the compliance of Lincoln County, North Carolina, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that are applicable to each of its major federal programs for the year ended June 30, 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lincoln County's management. Our responsibility is to express an opinion on Lincoln County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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. Our audit does not provide a legal determination on Lincoln County's compliance with those requirements.

In our opinion, Lincoln County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

## **Internal Control Over Compliance**

The management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lincoln County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express and opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in a County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the board of commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
October 26, 2007



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**Report On Compliance With Requirements Applicable To Each Major State Program  
And Internal Control Over Compliance In Accordance With Applicable Sections  
Of OMB Circular A-133 And The State Single Audit Implementation Act**

To the Board of Commissioners  
Lincoln County, North Carolina

**Compliance**

We have audited the compliance of Lincoln County, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that are applicable to each of its major state programs for the year ended June 30, 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Lincoln County's management. Our responsibility is to express an opinion on Lincoln County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of *OMB Circular A-133*, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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. Our audit does not provide a legal determination on Lincoln County's compliance with those requirements.

In our opinion, Lincoln County complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2007.

## **Internal Control Over Compliance**

The management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Lincoln County's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in a County's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis, a significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the board of commissioners, management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
October 26, 2007

## **LINCOLN COUNTY, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007**

#### **1. Summary of Auditors' Results**

- A. An unqualified opinion was issued on the financial statements of Lincoln County, North Carolina.
- B. Our audit of the basic financial statements disclosed no significant deficiencies or material weaknesses in internal control.
- C. Our audit of the basic financial statements disclosed no reportable conditions in compliance over federal and State awards.
- D. An unqualified opinion was issued on Lincoln County's compliance with the types of compliance requirements applicable to its major federal programs.
- E. An unqualified opinion was issued on Lincoln County's compliance with the types of compliance requirements applicable to its major State programs.
- F. Major federal programs for Lincoln County for the year ended June 30, 2007 are:

Food Stamp Cluster	10.561
Temporary Assistance for Needy Families	93.558
Medicaid Cluster	93.778
Subsidized Child Care Cluster	93.667, 93.596, 93.575, 93.558

- G. Major State programs for Lincoln County for the year ended June 30, 2007 are:

Medicaid Cluster (State Portion)
SC/SA Domiciliary Care Payments
Subsidized Child Care Cluster (State Portion)
Public School Building Capital Fund

- H. The threshold for determining Type A programs for Lincoln County is \$1,578,487.
- I. Lincoln County did not qualify as a low risk auditee under Section .530 of Circular No. A-133.

**LINCOLN COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2007**

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

- A. The audit did not detect any findings related to compliance that are required to be reported in accordance with Government Auditing Standards.
- B. The audit did not detect any findings related to internal control over financial reporting that are required to be reported in accordance with Government Auditing Standards.

**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**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2007**

N/A-Not applicable

**LINCOLN COUNTY, NORTH CAROLINA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

None.

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2007**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	State/ Fed. (Direct & Pass-through)				
			Expenditures	State Expenditures	Local Expenditures		
<b>Federal Awards:</b>							
<b>U.S. Dept. of Agriculture</b>							
<b>Food and Nutrition Service</b>							
Passed-through the N.C. Dept. of Health and Human Services:							
Division of Social Services:							
Administration:							
<b>Food Stamp Cluster:</b>							
Food Stamp Program - Noncash							
State Administrative Matching Grants for							
Food Stamp Admin							
Food Stamp E&T & Depend Care							
Food Stamp Fraud Admin							
Total Food Stamp Cluster							
6,889,606							
-							
-							
339,998							
-							
2,978							
-							
16,334							
-							
7,248,917							
-							
359,310							
Passed-through the N.C. Dept. of Health and Human Services:							
Division of Public Health:							
Administration:							
Special Supplemental Nutrition Program for							
Women, Infants, & Children							
10.557							
248,114							
Direct Benefit Payments:							
Special Supplemental Nutrition Program for							
Women, Infants, & Children							
10.557							
965,262							
Passed-through Centralina Council of Governments							
USDA Supplement							
Total U.S. Department of Agriculture							
6,694							
-							
8,468,987							
-							
359,310							
<b>U.S. Dept. of Justice</b>							
<b>Bureau of Justice Assistance</b>							
Federal Forfeited Property							
Edward Byrne Memorial Justice Assistance Grant							
16.738							
11,753							
Passed-through N.C. Dept. of Crime Control and							
Public Safety:							
State Criminal Alien Assistance Program (SCAA)							
16.606							
9,025							
Total U.S. Dept. of Justice							
23,077							
<b>U.S. Dept. of Transportation</b>							
National Highway Traffic Safety Administration							
Passed-through the N.C. Department of Transportation							
Safety Program							
20.605							
40377.3.38							
10,000							
10,000							
<b>U. S. Department of Homeland Security</b>							
Passed-through N.C. Dept. of Crime Control and Public Safety:							
Division of Emergency Management							
State Domestic Preparedness Equipment Support							
Program							
Homeland Security Grant							
97.004							
2004-GE-T4-0014-1055							
132,389							
Homeland Security Grant							
97.004							
EMPG200637109							
19,152							
Passed-through United Way							
Department of Social Services							
Emergency Food and Shelter							
97.024							
5,580							
157,121							
Total U. S. Department of Homeland Security							

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2007**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b><u>U.S. Dept. of Health &amp; Human Services</u></b>					
<b><u>Administration on Aging</u></b>					
<b><u>Division of Social Services</u></b>					
Passed-through Centralina Council Governments					
<b><u>Aging Cluster:</u></b>					
Special Programs for the Aging - Title III B					
Disease Prevention and Health Promotion Services	93.043		5,099	325	-
Supportive Services and Senior Center					
Access	93.044		35,570	58,036	-
In-Home	93.044		1,190	5,075	-
Nutrition Services	93.045		65,923	29,617	-
National Family Caregiver Support	93.052		23,519	1,501	-
Total Aging Cluster			131,301	94,554	-
Passed-through the N.C. Dept. of Health and Human Services:					
<b><u>Division of Social Services:</u></b>					
<b><u>Foster Care and Adoption Cluster</u></b>					
IV-E Admin/Adoption TRN Parent	93.658		378	-	378
IV-E Child Protective Services	93.658		192,806	69,208	123,598
IV-E Optional	93.659		9,993	-	8,410
IV-E Waiver	93.658		3,941	1,041	2,890
IV-E Foster Care	93.658		99,946	27,695	27,695
IV-E Foster Care In Excess	93.658		17,492	-	9,709
IV-E Waiver Foster Care	93.658		19,189	5,393	5,393
IV-E Foster Care TRN	93.658		2,922	-	974
IV-E Foster Care/Off TRN	93.658		128,572	-	128,572
IV-E Adoption Subsidy & Vendor	93.659		193,613	53,904	53,904
Total Foster Care and Adoption Cluster			668,852	157,241	361,523
Work First Administration	93.558		116,429	32,499	85,551
Work First Service	93.558		636,980	148,856	391,848
TANF Domestic Violence	93.558		17,105	-	-
TANF TEA Foster Care Max	93.558		22,461	-	-
TANF TEA Foster Care	93.558		43,561	-	-
TANF Payments & Penalties	93.558		457,972	(29)	362
AFDC Payments & Penalties	93.560		(244)	(67)	(67)
N. C. Child Support Enforcement Section	93.563		448,907	-	231,184
Refugee Assistance	93.566		2,264	-	-
Administration	93.568		12,759	-	-
Energy Assistance Payments- Direct Benefit Payments	93.568		198,511	-	-
Crisis Intervention Payments	93.568		77,565	-	-
Permanency Planning - Regular	93.645		16,974	5,658	-
Permanency Planning - Special	93.645		5,996	-	1,999
SSBG - Other Service and Training	93.667		152,882	15,683	56,188
Independent Living Grant	93.674		19,395	3,568	-
Adoption/Foster Care	93.658		84,181	-	59
County Funded Programs					94,559
Child Protective Services Expansion State			-	98,460	-
DCD Smart Start			-	80,312	-
State County Special Assistance			-	-	29,934
Work First Non Reimbursable			-	-	95,373
State Adult Protective Service			-	54,677	
IV-D Offset Fees-ESC	93.563		317	-	163
IV-D Offset Fees-Federal	93.563		2,256	-	1,162
AFDC Incent/Program Integrity			-	34	-
CWS Adopt Subsidy & Vendor			-	170,331	55,217
F/C At Risk Maximization			-	3,999	2,235
SC/SA Domiciliary Care Payment			-	507,062	507,062
State Foster Home			-	39,529	39,529
Foster Care at Risk			-	4,944	1,066
Total Division of Social Services			2,985,123	1,322,757	1,954,947

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2007**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b>Division of Aging:</b>					
<b>Division of Social Services:</b>					
SSBG - State In Home Service Fund	93.667		6,352	-	907
SSBG - State In Home Service Fund Over 60	93.667		1,749	-	250
Total Division of Aging			<u>8,101</u>	<u>-</u>	<u>1,157</u>
<b>Subsidized Child Care Cluster: (2)</b>					
<b>Child Care Development Fund Cluster</b>					
<b>Division of Social Services</b>					
Child Care Development Fund-Administration	93.596		84,316	-	-
<b>Division of Child Development:</b>					
Child Care and Development Fund -- Discretionary	93.575		651,456	-	-
Child Care and Development Fund -- Mandatory	93.596		251,977	-	-
Child Care and Development Fund -- Match	93.596		<u>331,366</u>	<u>166,649</u>	<u>-</u>
Total Child Care Fund Cluster			<u>1,319,115</u>	<u>166,649</u>	<u>-</u>
<b>Social Services Block Grant</b>					
Social Services Block Grant	93.667		9,390	-	-
Temporary Assistance for Needy Families (TANF)	93.558		<u>224,425</u>	<u>-</u>	<u>-</u>
Smart Start			-	132,774	-
State Appropriations			-	62,682	-
TANF-MOE			<u>-</u>	<u>213,360</u>	<u>-</u>
Total Subsidized Child Care Cluster			<u>1,552,930</u>	<u>575,465</u>	<u>-</u>
<b>Health Care Financing Administration</b>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Administration:					
North Carolina Health Choice	93.767		23,704	2,548	5,364
Adult Care Home Case Management	93.778		61,891	28,491	33,399
Medical Assistance Admin	93.778		539,026	-	539,026
Medical Transportation Admin	93.778		36,105	-	36,105
Medical Transportation Service	93.778		8,600	4,098	723
Medical Assistance Expansion	93.778		<u>11,121</u>	<u>11,121</u>	<u>-</u>
Direct Benefit Payments:					
Medical Assistance Program	93.778		<u>38,126,978</u>	<u>18,750,035</u>	<u>3,225,110</u>
Passed-through the N.C. Office of Emergency Medical Services					
National Bioterrorism Hospital Preparedness Program	93.889		<u>78,630</u>	<u>-</u>	<u>-</u>
<b>Health Resources and Services Administration</b>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Family Planning Services	93.217		32,966	-	-
Immunization Program/Aid to County Funding	93.268		18,560	-	-
Bioterrorism Grant	93.283		74,331	-	-
CDC Prevention Investigations and Tech Assistance	93.283		38,485	-	-
Temporary Assistance for Needy Families	93.558		3,512	-	-
Coop Agreement for Breast and Cervical Cancer	93.919		12,250	-	-
Statewide Health Promotion Program	93.991		12,142	-	-
Maternal and Child Health Services Block Grant	93.994		<u>201,293</u>	<u>-</u>	<u>-</u>
Total U.S. Dept. of Health and Human Services			<u>43,957,049</u>	<u>20,789,069</u>	<u>5,795,831</u>
Total federal awards			<u>52,616,234</u>	<u>20,789,069</u>	<u>6,155,141</u>

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2007**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>State Awards:</b>					
<b>N.C. Department of Environment and Natural Resources</b>					
Division of Soil & Water			-	26,245	-
AG Cost Share Funds			-	4,000	-
Administrative Match Funds			-	-	-
Division of Waste Management			-	-	-
White Goods Management Program			-	28,683	-
Scap Tire Program			-	80,963	-
Total N.C. Dept. of Environmental and Natural Resources			-	139,891	-
<b>N.C. Dept. of Health and Human Services</b>					
Division of Social Services					
Administrative:					
State Aid to Counties			-	28,492	-
TANF Incent/Program Integrity			-	291	-
Administration on Aging					
Division of Social Services					
Passed through Centralina Council of Governments					
Senior Center Outreach			-	652	-
Senior Center General Purpose			-	5,122	-
Total N.C. Dept. of Health and Human Services			-	34,557	-
Division of Public Health					
General			-	100,345	-
AIDS			-	500	-
Communicable Disease			-	12,488	-
Risk Reduction/Health Promotion			-	8,263	-
Tuberculosis			-	1,825	-
Women's Preventable Health			-	3,177	-
Immunization-State			-	133	-
TB Medical Services			-	787	-
Total Division of Public Health			-	127,518	-
Total N. C. Department of Health and Human Services			-	162,075	-
<b>Dept. of Juvenile Justice and Delinquency Prevention</b>					
Juvenile Crime Prevention Programs					
Administration			-	10,109	-
Strengthening Families			-	27,503	-
Social Work Services			-	81,147	-
Equine Assisted Learning			-	41,999	-
Mediation			-	8,259	-
Total N.C. Department of Juvenile Justice			-	169,017	-
<b>N.C. Dept. of Public Instruction</b>					
Public School Building Capital Fund			-	900,000	-
Total N.C. Department of Public Instruction			-	900,000	-
<b>N.C. Dept. of Transportation</b>					
Transportation Administration		DOT-11	-	29,726	-
Work First		DOT-16CL	-	7,486	-
Elderly and Disabled Transportation Assistance Program (E&DTAP)		DOT-16CL	-	69,715	-
Total N.C. Dept. of Transportation			-	106,927	-

**LINCOLN COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2007**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>N.C. Dept. of Administration</b>					
Veterans Services			-	2,000	-
Total State awards			-	1,479,910	-
Total federal and State awards			<u>52,616,234</u>	<u>22,268,979</u>	<u>6,155,141</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*. 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: Subsidized Child Care, Foster Care and Adoption, Mental Health Services, Developmental Disability Waiting List Services, Substance Abuse Services, and Infants and Toddlers with Disabilities.

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