

**TRANSYLVANIA COUNTY
NORTH CAROLINA**

COMPLIANCE LETTERS

FOR THE YEAR ENDED JUNE 30, 2011

TRANSYLVANIA COUNTY, NORTH CAROLINA

COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	1-2
Report On Compliance With Requirements That Could Have A Direct and Material Effect On Each Major Federal Program and Internal Control Over Compliance In Accordance with OMB Circular A-133 and the State Single Audit Implementation Act	3-5
Report On Compliance With Requirements That Could Have A Direct and Material Effect On Each Major State Program and Internal Control Over Compliance In Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act	6-8
Schedule of Findings and Questioned Costs	9-13
Summary Schedule of Prior Year's Audit Findings	14
Schedule of Expenditures of Federal and State Awards	15-19

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 Auditors' Report

Board of Commissioners
Transylvania County, North Carolina

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Transylvania County, North Carolina, as of and for the year ended June 30, 2011, not presented here, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Transylvania County Airport Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of Transylvania County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Transylvania 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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies, or material weaknesses and; therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting 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 significant deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies, 2011-01 and 2011-02 described 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 Transylvania County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 County Commissioners and management of Transylvania County, North Carolina, 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.
November 28, 2011

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

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

Independent Auditors' Report

Board of Commissioners
Transylvania County, North Carolina

Compliance

We have audited Transylvania County, North Carolina'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 Transylvania County's major federal programs for the year ended June 30, 2011. Transylvania County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Transylvania County's management. Our responsibility is to express an opinion on Transylvania County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Transylvania 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 Transylvania County's compliance with those requirements.

In our opinion, Transylvania County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Transylvania County, as of and for the year ended June 30, 2011, which collectively comprise Transylvania County's basic financial statements, and have issued our report thereon dated November 28, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Transylvania 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners and management of Transylvania County, North Carolina, 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.
November 28, 2011

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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

Independent Auditors' Report

Board of Commissioners
Transylvania County, North Carolina

Compliance

We have audited Transylvania County, North Carolina's compliance with the types of compliance requirements described in applicable sections of 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 Transylvania County's major State programs for the year ended June 30, 2011. Transylvania County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of Transylvania County's management. Our responsibility is to express an opinion on Transylvania 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, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Transylvania 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 Transylvania County's compliance with those requirements.

In our opinion, Transylvania County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Transylvania 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 Transylvania County's internal control over compliance with 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 controls 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 Transylvania County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Transylvania County, as of and for the year ended June 30, 2011, which collectively comprise Transylvania County's basic financial statements, and have issued our report thereon dated November 28, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Transylvania 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners and management of Transylvania County, North Carolina, 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.
November 28, 2011

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
• Material weakness(es) identified?	<u> X </u>	Yes	<u> </u> No
• Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u> No
Non-compliance material to financial statements noted?	<u> </u>	Yes	<u> X </u> No

Federal Awards

Internal control over major Federal programs:			
• Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
• Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u> No
Type of auditors' report issued on compliance for major Federal programs	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u> </u>	Yes	<u> X </u> No

Identification of major federal programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA #</u>
Medical Assistance Program	93.778
Child Care Development Fund Cluster	93.575, 93.596
Temporary Assistance for Needy Families Cluster	93.558, 93.714
Low-Income Home Energy Assistance Block Grant	93.568

Dollar threshold used to distinguish between Type A and Type B Programs:	\$883,622		
Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u> No

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. Summary of Auditors' Results (continued):

State Awards

Internal control over major State programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X No

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

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

Identification of Major State Programs:

Medicaid Assistance Program
Subsidized Child Care Cluster

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

2. Financial Statement Findings

2011-01

Criteria: Management and prior auditors did not report the liability for the Law Enforcement Officers' Special Separation Allowance correctly.

Condition: Audit and accounting standards require that errors in prior periods, which are detected in a subsequent year, be reported as prior period adjustments, resulting in a restatement of net assets and/or fund balance. In fiscal year 2010, an error was detected in the Pension Trust Funds reporting on the financial statements. A revised actuarial study was performed for fiscal year 2011 resulting in a prior period adjustment of \$353,766.

Context: In fiscal year 2010, during review of the financial statements, it was noted that the pension funds were shown in the past as trust accounts without the County having assigned funds to an irrevocable trust. An updated actuarial study was performed in fiscal year 2011.

Effect: The liability for the Law Enforcement Officers' Special Separation Allowance was understated as of June 30, 2010. However, the County did reflect an unreserved designated fund balance of \$491,787 for Law Enforcement Officers' Special Separation Allowance in its fiscal year 2010 audit, recognizing a liability yet to be determined by the actuarial study.

Cause: Incorrect assumptions used in the prior years actuarial studies for the Law Enforcement Officers' Special Separation Allowance, due to mistakenly reporting as an Irrevocable Trust.

Recommendation: Management is now properly reporting the Law Enforcement Officers' Special Separation Allowance. Actuarial studies should continue to be completed annually.

Name of Contact Person: Gay Poor, Finance Director

Management's Response:

Prior to fiscal year 2010, the Law Enforcement Officers' Special Separation Allowance was mistakenly shown as an Irrevocable Trust. During the 2010 fiscal year audit, this was discovered and noted. A prior period adjustment was made to remove \$161,313 recorded as advanced funding of the pension plan. Since the actuarial study performed in fiscal year 2010 was based on erroneous assumptions, the correct actuarial value of the liability was not known. Therefore, no liability was reflected in Exhibit A or in the notes. However, an obligation of \$491,787 was recognized and reported in Exhibit C as unreserved fund balance "designated for LEO Special Separation Allowance".

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

2. Financial Statement Findings (continued):

2011-02

Criteria: NC General Statute 159-25 requires:

- The Finance Officer to keep all of the County's bank accounts "in accordance with generally accepted accounting principles and the rules of the Commission"
- The Finance Officer to disburse all funds of the local government and pre-audit all disbursements
- The Finance Officer to supervise the investment of idle funds of the local government
- The Finance Officer or a properly designated Deputy Finance Officer to sign all checks or drafts on an official depository, and checks to be countersigned by another official of the local government designated for this purpose by the governing board

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

NC General Statute 159-31 requires the Board to approve all depository accounts.

Condition:

(1) There are two accounts under the control of the Sheriff Department with the account names, "Inmate Funds" and "Cops for Kids". The "Cops for Kids" account is in the County's federal identification number, but is not recorded on the financial records of the County. The authorized signers on these accounts are not duly authorized as Deputy Finance Officers.

(2) There is a large amount of petty cash kept on hand at the Sheriff Department, monthly reconciliations are not being performed, and duties over the control of petty cash are not properly segregated. Surprise audits are conducted by the Finance Office semi-annually.

(3) Cash receipts for gun permits and concealed weapon permits are not tracked in a separate receipt book and reconciled, duties are not properly segregated.

(4) Cash donations are routinely collected in the field by Officers and are not properly receipted.

Context: While documenting internal controls related to cash receipts and disbursements, the above conditions were noted.

Effect: The bank accounts are in violation of NC General Statutes for the following reasons:

- The Finance Officer is not pre-auditing or signing disbursements from the account.
- The disbursements of the account are not co-signed by a designated Deputy Finance Officer.
- The expenditures were not pre-audited (NC General Statutes 159-28), nor were they included in the General Fund budget.
- The accounts are not official depositories of the County.

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

2. **Financial Statement Findings (continued):**

Cause: The Sheriff's Department opened and maintains checking accounts independent of the Finance Department. Proper segregation of duties is not in place.

Recommendation: The checking accounts discussed herein should be closed and all funds should be maintained directly by the Finance Department in accordance with NC General Statutes. The funds held on behalf of inmates and "Cops for Kids" should be maintained in a separate Trust account, and controlled by the Finance Officer or duly authorized Deputy Finance Officer(s). The County Commissioners should enforce restrictions on the opening and closing of checking accounts to the Finance Officer and County Manager.

Name of Contact Person: Gay Poor, Finance Director

Management Response: Management will take prompt action to rectify each of the conditions listed above and to bring the bank accounts into compliance with NC General Statutes. For the Finance Officer to be able to meet the requirements of NC General Statute 159-25, it is essential that Sections 32 and 33 in the Budget Ordinance be understood by all County personnel and strictly enforced. Management will communicate to all department heads that only the Finance Officer and County Manager are authorized to open bank accounts on behalf of the County.

3. **Findings and Responses Related to the Audit of Federal Awards**

None

4. **Findings and Responses Related to the Audit of State Awards**

None

TRANSYLVANIA COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

- 2010-01:** Corrected
- 2010-02:** Revised as 2011-01
- 2010-03:** Corrected
- 2010-04:** Corrected

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Grantor / Pass-Through Grantor / Program Title	CFDA Number	State/ Pass-Through Grantor's Number	Expenditures		
			Federal	State	County
Federal Awards:					
<u>U.S. Department of Health and Human Services:</u>					
<u>Administration for Children and Families:</u>					
Passed-Through the N.C. Department of Health and Human Services:					
Division of Social Services:					
Temporary Assistance for Needy Families Cluster:					
Temporary Assistance for Needy Families (TANF)/ Work First	93.558	XXXX	\$ 459,970	\$ -	\$ 251,915
TANF/ Work First- Direct Benefit Payments	93.558	XXXX	191,712	-	327
Division of Public Health:					
Temporary Assistance for Needy Families	93.558	XXXX	2,278	-	-
Total TANF Cluster			653,960	-	252,242
Child Support Enforcement	93.563	XXXX	330,465	3	170,238
Child Support Enforcement - Incentive Recovery	93.563	XXXX	1,562	-	805
Low-Income Home Energy Assistance Block Grant:					
Administration	93.568	XXXX	19,908	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568	XXXX	329,259	-	-
Crisis Intervention Program	93.568	XXXX	178,628	-	-
Child Welfare Services- State Grants					
Permanency Planning- Families for Kids	93.645	XXXX	8,543	-	3,322
<u>Administration for Children and Families:</u>					
Passed-Through the 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	XXXX	249,623	12,578	94,531
Foster Care- Direct Benefit Payments	93.658	XXXX	19,614	7,640	9,058
Adoption Assistance - Administration	93.659	XXXX	5,826	-	5,826
Adoption Assistance - Direct Benefit Payments	93.659	XXXX	285,014	63,544	63,544
Total Foster Care and Adoption Cluster			560,076	83,761	172,958
Social Services Block Grant	93.667	XXXX	170,492	52,539	56,119
Promoting Safe and Stable Families	93.556	XXXX	1,480	-	-
Family Violence Prevention	93.671	XXXX	1,976	-	-
Chafee Foster Care Independence Program	93.674	XXXX	6,956	1,133	-
AFDC Payments and Penalties	93.560	XXXX	(174)	(47)	(47)
Voting Access for Individuals with Disabilities	93.617	XXXX	1,753	-	-
Division of Child Development:					
Subsidized Child Care					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care and Development Fund-Administration	93.596	XXXX	80,800	-	-
Division of Child Development:					
Child Care and Development Fund- Discretionary	93.575	XXXX	288,011	-	-
Child Care and Development Fund- Mandatory	93.596	XXXX	129,900	-	-
Child Care and Development Fund- Match	93.596	XXXX	132,988	72,282	-
Total Child Care Development Fund Cluster			631,699	72,282	-
Social Services Block Grant	93.667	XXXX	5,229	-	-
Temporary Assistance for Needy Families	93.558	XXXX	98,665	-	-
ARRA- Emergency Contingency Fund for					
Temporary Assistance for Needy Families					
State Programs	93.714	XXXX	55,382	-	-
Smart Start		XXXX	-	36,853	-
State Appropriations		XXXX	-	83,046	-
TANF-Maintenance of Effort		XXXX	-	50,396	-
Total Subsidized Child Care Cluster			790,975	242,577	-
Total Administration for Children and Families			3,055,859	379,966	655,636

TRANSYLVANIA COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Grantor / Pass-Through Grantor / Program Title	CFDA Number	State/ Pass-Through Grantor's Number	Expenditures		
			Federal	State	County
<u>Centers for Medicare and Medicaid Services</u>					
Passed-Through the N.C. Department of Health and Human Services:					
Medicaid Cluster:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778	XXXX	24,042,415	9,997,873	3,981
Division of Public Health:					
Division of Medical Assistance					
Medical Assistance Program	93.778	XXXX	11,140	4,298	-
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	XXXX	380,014	12,711	367,303
Total Medicaid Cluster			24,433,568	10,014,882	371,284
State Children's Insurance Program- N.C. Health Choice	93.767	XXXX	20,284	1,290	5,350
Total Centers for Medicare and Medicaid Services			24,453,852	10,016,171	376,634
<u>Centers for Disease Control and Prevention</u>					
Passed-Through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Public Health Emergency Preparedness	93.069	XXXX	17,058	-	-
Immunization Grants	93.268	XXXX	8,203	-	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	XXXX	40,104	27	-
Statewide Health Promotion Program	93.991	XXXX	13,657	-	-
<u>Health Resources and Service Administration</u>					
Passed-Through the N.C. Department of Health and Human Services:					
Division of Public Health:					
Maternal and Child Health Services Block Grant	93.994	XXXX	85,559	26,672	-
<u>Office of Population Affairs</u>					
Passed-Through the N.C. Department of Health and Human Services:					
Office of Population Affairs					
Family Planning Services	93.217	XXXX	27,256	-	-
<u>Administration On Aging</u>					
Division of Aging:					
Passed-Through the N.C. Department of Health and Human Services					
Passed-Through Land-of-Sky Regional Council					
Aging Cluster:					
Title III B (Legal, Access, In-Home)	93.044	NC-77	54,573	113,508	-
Title III C1 (Congregate Nutrition)	93.045	NC-77	88,441	5,203	-
Title III C2 (Home-Delivered Meals)	93.045	NC-77	3,195	7,346	-
ARRA - Congregate Nutrition	93.707	09AANCC1RR	64	4	-
Total Aging Cluster			146,272	126,060	-
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	XXXX	168	-	-
Family Caregiver Support, Title III-E	93.052	NC-77	18,272	1,219	-
SSBG - Respite	93.667	NC-77	20,056	573	-
Medicare Enrollment Assistance Program	93.071	NC-77	505	-	-
Total Administration On Aging			185,273	127,852	-
Total U.S. Department of Health and Human Services			27,886,821	10,550,689	1,032,271

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor / Pass-Through Grantor / Program Title	CFDA Number	State/ Pass-Through Grantor's Number	Expenditures		
			Federal	State	County
<u>U.S. Department of Agriculture:</u>					
Food and Nutrition Service:					
Passed-Through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assistance Program Cluster:					
State Administrative Matching Grants for the					
Supplemental Nutrition Assistance Program					
10.561	XXXX	263,579	-	210,727	
Total Supplemental Nutrition Assistance Program Cluster					
		263,579	-	210,727	
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women,					
Infants, and Children (WIC)					
10.557	XXXX	158,096			
Child and Adult Care Food Program					
10.558	XXXX	23,816	-	-	
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women,					
Infants, and Children (WIC)					
10.557	XXXX	414,482	-	-	
Total U.S. Department of Agriculture					
		859,972	-	210,727	
<u>U.S. Department of Housing and Urban Development:</u>					
Passed-Through N.C. Department of Commerce:					
CDBG- State - Administered Small Cities Program Cluster					
Community Development Block Grant					
Small Cities Program					
14.228	XXXX	42,249	-	-	
Total CDBG - State - Adm Small Cities Program Cluster					
		42,249	-	-	
Total U.S. Department of Housing and Urban Development					
		42,249	-	-	
<u>U.S. Department of Homeland Security:</u>					
Passed-Through N.C. Department of Crime Control and Public Safety:					
Emergency Management Performance Grants					
97.042	XXXX	23,954			
Emergency Management Grant Supplement					
97.042	XXXX	22,992	-	-	
Total Department of Homeland Security					
		46,946	-	-	
<u>U.S. Department of Justice:</u>					
Bureau of Justice Assistance:					
State Criminal Alien Assistance Program					
16.606	XXXX	1,975	-	-	
Office of Victims of Crime:					
Passed-Through N.C. Department of Crime Control and Public Safety:					
Crime Victim Assistance					
16.575	XXXX	38,722	-	-	
Total U.S. Department of Justice					
		40,697	-	-	
<u>U.S. Department of Education:</u>					
Office of Special Education and Rehabilitative Services					
Passed-Through N.C. Department of Health and Human Services:					
Special Education Cluster (IDEA)					
Special Education-Preschool Grants (IDEA Preschool)					
84.173	XXXX	124,768	-	-	
Total U.S. Department of Education					
		124,768	-	-	
<u>U.S. Department of Transportation:</u>					
Passed-Through N.C. Department of Transportation:					
Federal Transit Administration:					
Formula Grants for Other Than Urbanized Areas					
20.509	12-CT-057 (WBS#36233.104.13.1)	142,473	-	-	
Formula Grants for Other Than Urbanized Areas- Admin					
20.509	10-CT-057 (WBS #36233.104.11.1)	71,460	4,466	-	
ARRA- Formula Grants for Other Than Urbanized Areas- Capital					
20.509	10-AR-057 (WBS #51003.60.3.STT1)	47,502	-	-	
Formula Grants for Other Than Urbanized Areas- Admin					
20.509	11-CT-057 (WBS #36233.104.12.1)	101,600	6,350	-	
Formula Grants for Other Than Urbanized Areas- Capital					
20.509	11-CT-057 (WBS #36233.104.12.3)	1,091	136	-	
National Highway Traffic Safety Administration					
Safety Belt Performance Grants					
20.609	XXXX	64,625	-	-	
Total U.S. Department of Transportation					
		428,750	10,952	-	

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor / Pass-Through Grantor / Program Title	CFDA Number	State/ Pass-Through Grantor's Number	Expenditures		
			Federal	State	County
<u>Institute of Museum and Library Services</u>					
Passed-Through N.C. Department of Cultural Resources:					
Division of State Library					
Library Services and Technology Act Program (LSTA)					
NC Library STARS	45.310	XXXX	23,851	-	-
Total Assistance- Federal Programs			<u>29,454,055</u>	<u>10,561,641</u>	<u>1,242,998</u>
State Awards:					
<u>N.C. Department of Administration:</u>					
Veterans Service					
		XXXX		2,000	-
<u>N.C. Department of Corrections:</u>					
Criminal Justice Partnership Program					
		XXXX		42,272	-
<u>N.C. Department of Health and Human Services:</u>					
Division of Social Services:					
Administration:					
AFDC-Program Integrity					
		XXXX		24	-
Direct Benefit Payments:					
CWS Adoption Subsidy					
		XXXX		102,929	33,830
Adoption/Foster Care					
		XXXX		15,317	-
Foster Care Special Provision					
		XXXX		3,451	-
F/C At Risk Maximization-direct benefit payments					
		XXXX		2,127	1,138
SC/SA Domiciliary Care Payments-direct benefit payments					
		XXXX		255,646	263,688
SFHF Maximization					
		XXXX		3,619	3,619
State Foster Home					
		XXXX		17,574	17,574
Energy Assistance Private Grants					
		XXXX		28,540	-
Smart Start					
		XXXX		12,457	-
County Funded Programs					
		XXXX		-	378,258
Non-allocating County Costs					
		XXXX		-	51,214
State County Special Assistance					
		XXXX		-	16,496
Work First Non-reimbursable					
		XXXX		-	82
Total Division of Social Services			<u>441,684</u>	<u>765,899</u>	
Division of Public Health:					
General					
		XXXX		113,712	-
Communicable Disease					
		XXXX		10,656	-
Tuberculosis					
		XXXX		2,200	-
AIDS-State					
		XXXX		500	-
Women's Preventative Health					
		XXXX		8,997	-
Risk Reduction/Health Promotion					
		XXXX		4,838	-
Breast and Cervical Cancer Control					
		XXXX		3,041	-
Total Division of Public Health			<u>143,944</u>	<u>-</u>	<u>-</u>
Division of Aging and Adult Services:					
Seniors' Health Insurance Information Program (SHIIP)					
		XXXX		2,159	-
Passed through Land-of-Sky Regional Council					
Fan/Heat Relief					
		NC-77		1,430	-
Senior Center Development					
		NC-77		4,123	-
Total			<u>7,712</u>	<u>-</u>	<u>-</u>
Total N.C. Department of Health and Human Services			<u>593,340</u>	<u>765,899</u>	
N.C. Department of Environmental and Natural Resources					
Division of Soil and Water Conservation:					
Streambank Stabilization Projects					
		XXXX		8,150	-
Total N.C. Department of Environmental and Natural Resources			<u>8,150</u>	<u>-</u>	<u>-</u>
<u>N.C. Department of Transportation:</u>					
Rural Operating Assistance Program (ROAP)					
ROAP Elderly and Disabled Transportation Assistance Program					
		36220.10.2.1; 36220.10.3.1		45,282	-
ROAP Rural General Public Program					
		36236.11.1.1; 36236.11.2.1		38,255	-
ROAP Work First Transitional- Employment					
		36228.22.1.1; 36228.22.3.1		10,228	-
Total ROAP			<u>93,765</u>	<u>-</u>	<u>-</u>

TRANSYLVANIA COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor / Pass-Through Grantor / Program Title	CFDA Number	State/ Pass-Through Grantor's Number	Expenditures		
			Federal	State	County
<u>N.C. Department of Cultural Resources</u>					
Park and Recreation Trust Fund		XXXX		48,964	-
State Aid to Public Libraries		XXXX		88,600	-
N.C. Department of Juvenile Justice and Delinquency Prevention:					
Juvenile Crime Prevention Programs		XXXX		101,759	-
<u>N.C. Department of Public Instruction:</u>					
Public School Building Capital Fund		XXXX		96,740	-
Total Assistance- State Programs				<u>1,075,590</u>	<u>765,899</u>
Total Federal and State Awards			<u>\$ 29,454,055</u>	<u>\$ 11,637,231</u>	<u>\$ 2,008,897</u>

Notes to the Schedule of Expenditures of Federal and State Awards:

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and State grant activity of Transylvania County, North Carolina, 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, Audit 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. Subrecipients

Of the State expenditures presented in the schedule, Transylvania County provided State awards to subrecipients as follows:

Program Title

Public School Building Capital Fund

**State
Expenditures**
\$ 96,740

3. The following are clustered by the N.C. Department of Health and Human Services and are treated separately for State audit requirement purposes:

Aging, Foster Care and Adoption, and Subsidized Child Care.