

**DURHAM COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and  
State Awards for the Year Ended June 30, 2012  
Report on Compliance and on Internal Control

DURHAM COUNTY, NORTH CAROLINA  
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of County Commissioners  
Durham County, North Carolina

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 Durham County, North Carolina (the "County") as of and for the year ended June 30, 2012, which collectively comprises the County's basic financial statements, and have issued our report thereon dated October 26, 2012. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Durham County ABC Board (the "Board"), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Board were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.


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 County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 12-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the governing Board, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specific parties.



Raleigh, North Carolina  
October 26, 2012



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133 AND THE  
STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of County Commissioners  
Durham, North Carolina

**Compliance**

We have audited the compliance of Durham County, North Carolina (the "County"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether 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 the 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 the County's compliance with those requirements.

In our opinion, the 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, 2012.

**Internal Control Over Compliance**

Management of the 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 the 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, 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, noncompliance 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 noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 26, 2012, which contained an unqualified opinion on those statements. We did not audit the financial statements of the Durham County ABC Board (the "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 for the Board, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the 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 basic 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, 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 governing Board, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specific parties.



Raleigh, North Carolina  
October 26, 2012



**INDEPENDENT AUDITORS' 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**

Board of County Commissioners  
Durham County, North Carolina

**Compliance**

We have audited Durham County, North Carolina (the "County"), 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 its major State programs for the year ended June 30, 2012. The County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the County's management. Our responsibility is to express an opinion on the 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, 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 the 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 the County's compliance with those requirements.

In our opinion, the 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, 2012.

**Internal Control Over Compliance**

Management of the 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 the 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 control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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, noncompliance 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.

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 the County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 26, 2012, which contained an unqualified opinion on those statements. We did not audit the financial statements of the Durham County ABC Board (the "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 for the Board, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the 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 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 basic 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, 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 governing Board, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specific parties.



Raleigh, North Carolina  
October 26, 2012



DURHAM COUNTY, NORTH CAROLINA  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 YEAR ENDED JUNE 30, 2012

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified?  yes  no
- Significant deficiency (ies) identified that are not considered to be material weakness(es)?  yes  none reported
- Noncompliance material to Financial Statements noted?  yes  no

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified?  yes  no
- Significant deficiency (ies) identified that are not considered to be material weakness(es)?  yes  no
- Noncompliance material to federal awards?  yes  no

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program/Cluster Name</u>
93.575, 93.596, 93.558, 93.714	Subsidized Child Care Cluster
93.778	Medical Assistance Program
93.667	Social Services Block Grant
93.568	Low Income Home Energy Assistance
93.958	Mental Health Cluster
93.959	Substance Abuse Services Cluster
66.458	ARRA – Clean Water State Revolving Funds (Loan)
93.645	CWS Adopt Subsidy – Direct Benefit Payment
93.767	Health Choice

Dollar threshold used to distinguish between Type A and Type B Programs \$ 3,000,000

Auditee qualified as low-risk auditee  yes  no

DURHAM COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012

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State Awards

Internal control over major state programs:

- Material weakness (es) identified?                   \_\_\_yes            Xno
- Significant deficiency (ies) identified that  
are not considered to be material weakness(es)?                   \_\_\_yes            Xno

Noncompliance material to state awards?                   \_\_\_yes            Xno

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

Any audit findings disclosed that are required to  
be reported in accordance with the State Single  
Audit Implementation Act?                   \_\_\_yes            Xno

Identification of major state programs:

- Domiciliary Care – Direct Benefit Payment
- Crisis Services – MH
- LME Systems Management
- Medical Assistance - Medicaid
- NC Clean Water Management Trust Fund

**SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO THE  
AUDIT OF FEDERAL AND STATE AWARDS**

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**II – Financial Statement Findings**

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**Material Weakness**

**Finding 12-01**

Criteria: The Finance Department is responsible for accurately recording and reporting capital assets.

Condition: During fiscal year 2010, the County dissolved the interlocal agreement with Durham Public Schools (DPS) whereby school properties were donated and titled to the County for construction of school projects on said properties with the County receiving reimbursement of sales tax paid on the construction of these projects. Also, effective February 2010, the County entered into a new interlocal agreement whereby DPS would retain ownership of the school properties, lease these properties to the County and act as the agent of the County for construction. Under this interlocal agreement expenditures on these school projects are treated as operating lease expenditures.

DURHAM COUNTY, NORTH CAROLINA  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
YEAR ENDED JUNE 30, 2012

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**Context:** During the FY2012 audit preparation, a review of construction activity and capitalized construction in progress in 2012 was performed by County management, and it was noted that these expenses were still being carried in the beginning balance of the Construction in Progress (CIP) asset of Durham County although the County had no legal right to the underlying asset. The County made the necessary adjustments and informed its auditors of the issue and the additional measures put into place to ensure construction activity of only County owned assets are capitalized in CIP going forward.

**Effect:** CIP asset was overstated in FY2010 and FY2011 and beginning Net Assets were overstated in FY2011 and FY2012.

**Cause:** Reconciliations of construction activity to capitalized CIP were not performed.

**Recommendation:** We recommend that the County review internal controls over the capitalization of construction activity and ensure that reconciliations of construction activity to CIP are performed.

**Management Response:** Management agrees with the finding. Before informing the auditors, management had already put additional measures (processes) in place to ensure construction activity of only County owned assets are capitalized in CIP going forward. These processes were put into place effective immediately once the overstatement was discovered. With the implementation of these measures, the conditions whereby this would or could occur no longer exist.

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**III – Federal Award Findings and Questioned Costs**

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None

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**IV – State Award Findings and Questioned Costs**

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None

DURHAM COUNTY, NORTH CAROLINA  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
YEAR ENDED JUNE 30, 2012

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**SECTION III – SCHEDULE OF CORRECTIVE ACTION PLANS**

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**II – Financial Statement Findings**

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**Finding 12-01**

Material Weakness

Name of contact person: Susan Tezai, Deputy Finance Director

Corrective action: Additional processes are in place to ensure construction activity of only County owned assets are capitalized in CIP going forward. These processes were put into place effective immediately once the overstatement was discovered.

Proposed completion date: immediately

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**III – Federal Award Findings and Questioned Costs**

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None

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**IV – State Award Findings and Questioned Costs**

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None

DURHAM COUNTY, NORTH CAROLINA  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
YEAR ENDED JUNE 30, 2012

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**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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**II – Financial Statement Findings**

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None

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**III – Federal Award Findings and Questioned Costs**

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**U.S. Department of Health and Human Services  
DSS Crosscutting**

**Finding 11-01**

NONMATERIAL NONCOMPLIANCE  
Reporting

Status: Corrected

**U.S. Department of Health and Human Services  
DSS Crosscutting**

**Finding 11-02**

NONMATERIAL NONCOMPLIANCE  
Allowable costs

Status: Corrected

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**IV – State Award Findings and Questioned Costs**

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**U.S. Department of Health and Human Services  
DSS Crosscutting**

**Finding 11-01**

NONMATERIAL NONCOMPLIANCE  
Reporting

Status: Corrected

**U.S. Department of Health and Human Services  
DSS Crosscutting**

**Finding 11-02**

NONMATERIAL NONCOMPLIANCE  
Allowable costs

Status: Corrected

DURHAM COUNTY, NORTH CAROLINA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 YEAR ENDED JUNE 30, 2012

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<b>FEDERAL AWARDS</b>			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Administration:			
<u>Food Stamp Cluster</u>			
Food Stamp Administration	10.561	\$ 2,089,808	\$
ARRA - FNS Recovery/Contingency Admin.	10.561	271	
Division of Public Health:			
Administration:			
Food Stamp Administration	10.551	304,792	
AGRI-SFP Food Program Meal	10.559	6,976	
Division of Aging:			
Special Programs for the Aging - Title III-B	93.044	400,216	
Special Programs for the Aging - Title III-C	93.045	134,556	
Nutrition Services Incentive Program (NSIP)	93.053	22,660	
Passed-through the N.C. Dept. of Agriculture			
Food Distribution Division	10.565	916	
Passed-through the N.C. Agricultural and Technical State University			
Sustainable Agriculture Research and Education	10.215	22,828	
Total U.S. Dept. of Agriculture		<u>2,983,023</u>	
<u>U.S. Dept. of Justice</u>			
<u>Bureau of Justice Assistance</u>			
National Asset Seizure Forfeiture Program	16.000	58,076	
Passed-through the N.C. Dept. of Crime Control & Public Safety:			
State Criminal Alien Assistance Program	16.606	162,543	
Edward Byrne Memorial Justice Assistance Grant	16.738	104,132	
ARRA - Edward Byrne Memorial JAG - Peace Grant/Planning	16.803	18,895	
Second Chance Act Prisoner Reentry Initiative	16.812	124,680	
Passed-through the City of Durham			
Edward Byrne Memorial Justice Assistance Grant	16.738	4,343	
Criminal & Juvenile Justice & Mental Health Collaboration Program			
Total U.S. Dept. of Justice	16.745	<u>84,948</u>	
		<u>557,617</u>	
<u>U.S. Environmental Protection Agency</u>			
<u>Office of Water</u>			
Passed-through N.C. Dept. of Environment and Natural Resources:			
Division of Water Quality:			
ARRA - Clean Water State Revolving Funds (Loan)	66.458	6,031,032	
Congressionally Mandated Projects - Reclaimed Water Facilities	66.202	221,018	
Total U.S. Environmental Protection Agency		<u>6,252,050</u>	
<u>U.S. Department of Energy</u>			
Passed-through The Department of Commerce			
ARRA - Energy Efficiency Community Block Grant Program	81.128	170,252	
Passed-through The Triangle J Council of Governments			
ARRA - Energy Efficiency and Renewable Energy Technology Deployment	81.129	55,600	
Total U.S. Dept. of Energy		<u>225,852</u>	
<u>U.S. Dept. of Homeland Security</u>			
Passed-through the N.C. Dept. of Homeland Security:			
Emergency Management Performance Grant	97.042	140,482	
Homeland Security Grant Program	97.067	15,498	
Buffer Zone Protection Program	97.078	327,449	
Total U.S. Dept. of Homeland Security		<u>483,429</u>	

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2012**

<b>GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>EXPENDITURES</b>	
		<b>FEDERAL</b>	<b>STATE</b>
<b><u>U.S. Dept. of Housing and Urban Development</u></b>			
Passed-through the N.C. Dept. of Housing and Urban Development			
Supportive Housing Program	14.235	78,234	
HOME Investment Partnerships Program	14.239	193,081	
Passed-through The City of Durham:			
<b>ARRA - Homeless Prevention and Rapid Re-Housing Program</b>	14.262	261,540	
Total U.S. Dept. of Housing and Urban Development		<u>532,855</u>	
<b><u>U.S. Dept. of Transportation</u></b>			
Passed-through the N.C. Dept. of Transportation			
Division of Public Transportation			
<b>ARRA - Community Transportation Program</b>	20.509	34,566	-
Capital Assistance Program	20.513	12,179	
New Freedom Transportation Program	20.521	26,343	2,736
Total U.S. Dept. of Transportation		<u>73,088</u>	<u>2,736</u>
<b><u>U.S. Dept. of Health &amp; Human Services</u></b>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
Medical Reserve Corps Grant	93.006	2,788	
Public Health Emergency Preparedness	93.069	89,872	
CDC Tuberculosis Project	93.116	39,064	85,048
Family Planning Services	93.217	103,809	20,566
CDC Immunization	93.268	57,158	
CDC Prevention-Investigations and Technical Assistance	93.283	30,889	6,503
Temporary Assistance for Needy Families	93.558	30,888	
Refugee Health Services	93.576	1,971	
<b>ARRA - Preventing Healthcare-Associated Infections</b>	93.717	1,007	
Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	20,860	7,650
HIV Prevention Activities	93.940	79,054	
Epidemiologic Research Studies of AIDS and HIV	93.943	88,295	
Prevent Health Service STD Control Grant	93.977	53,081	110,796
Maternal Health	93.994	113,112	84,844
MCH Block Grant -Women's Prevention	93.994	78,384	58,795
-Child Care Coordination	93.994	76,131	
-Child Health	93.994	11,412	8,560
Total Public Health		<u>877,775</u>	<u>382,762</u>
<b><u>U.S. Dept. of Health &amp; Human Services</u></b>			
<b><u>Administration for Children and Families</u></b>			
Passed-through N.C. Dept. of Health and Human Services:			
Division of Social Services:			
<b>Foster Care and Adoption Cluster:</b>			
CWS Adopt Subsidy - Direct Benefit Payment	93.645		710,300
Title IV E Adopt Assistance - Direct Benefit Payment	93.658	806,812	200,668
IV E CPS	93.658	891,971	204,901
IV-E Optional	93.659	122,526	121,014
IV E Foster Care	93.658	972,601	154,257
Adoption/Guardianship	93.558	237,482	
Total Foster Care and Adoption Cluster		<u>3,031,392</u>	<u>1,391,140</u>
TANF - Direct Benefit Payments	93.558	1,670,843	
Work First Administration	93.558	723,484	
Work First Service	93.558	2,109,069	
Family Preservation	93.556	13,174	
Domestic Violence	93.558	12,896	
Title IV D - Child Support Enforcement	93.563	2,795,835	
Low Income Energy Administration	93.568	214,216	
Low Income Home Energy Assistance Program	93.568	453,961	
Crisis Intervention	93.568	1,243,611	
Day Care Coordinator	93.596	524,065	
Permanency Planning - Child Welfare Services	93.645	20,050	11,191
SSBG - Other Service and Training	93.667	982,063	143,351
Independent Living - (LINK)	93.674	64,158	9,168

DURHAM COUNTY, NORTH CAROLINA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 YEAR ENDED JUNE 30, 2012

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<u>Division of Aging:</u>			
SSBG - In Home Service Fund	93.667	552,961	
SSBG - Adult Day Care	93.667	91,989	84,055
Sub-Total		<u>11,472,375</u>	<u>247,765</u>
<u>Division of Child Development:</u>			
<u>Subsidized Child Care Cluster</u>			
Child Care and Development Fund - Discretionary	93.575	6,148,871	
Child Care and Development Fund - Mandatory	93.596	2,317,924	
Child Care and Development Fund - Match	93.596	540,851	287,659
Temporary Assistance for Needy Families	93.558	2,752,346	
IV-E Foster Care	93.575	89,841	100,000
ARRA - TANF Emergency Fund	93.714	243,757	
TANF - Maintenance of Effort			426,669
State Appropriations			1,585,020
Total Subsidized Child Care Cluster		<u>12,093,590</u>	<u>2,399,348</u>
<u>Division of Social Services:</u>			
Promoting Safe and Stable Families	93.556	85,244	-
<u>Passed-through University of North Carolina at Chapel Hill</u>			
<u>UNC School of Social Work</u>			
Healthy Marriage Demonstration	93.086	89,471	
Total Division of Social Services:		<u>174,715</u>	<u>-</u>
<u>Passed-through the N.C. Dept. of Environment &amp; Natural Resources:</u>			
<u>Division of Environmental Health:</u>			
Healthy Homes & Lead Poisoning Prevention	93.070	31,990	
Total Administration for Children and Families		<u>26,804,062</u>	<u>4,038,253</u>
<u>Substance Abuse and Mental Health Service Administration</u>			
<u>Passed-through the N.C. Dept. of Health and Human Services:</u>			
<u>Division of Mental Health, Developmental Disabilities and Substance Abuse Services:</u>			
Path Homeless Block Grant	93.150	184,696	
Building Every Chance of Making It Now and Grown Up Project	93.243	673,771	
<u>Mental Health Cluster</u>			
Block Grant for Community Mental Health Services	93.958	151,224	
State Appropriation			5,326,905
Total Mental Health Cluster		<u>151,224</u>	<u>5,326,905</u>
<u>Developmental Disability Cluster</u>			
SSBG-Developmental Disabilities	93.667	329,460	
State Appropriation			2,790,660
Total Developmental Disability Cluster		<u>329,460</u>	<u>2,790,660</u>
<u>Substance Abuse Services Cluster</u>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	1,111,250	
State Appropriation			2,206,957
Total Substance Abuse Services Cluster		<u>1,111,250</u>	<u>2,206,957</u>
<u>Health Care Financing Administration</u>			
<u>Passed-through the N.C. Dept. of Health and Human Services:</u>			
<u>Division of Medical Assistance:</u>			
<u>Direct Benefit Payments:</u>			
Medical Assistance Program	93.778	192,137,601	108,553,572
<u>Division of Social Services:</u>			
<u>Administration:</u>			
Health Choice	93.767	111,454	9,799
Adult Care Home Case Management	93.778	170,814	79,625
Medical Assistance Administration	93.778	3,120,808	
Medical Assistance Transportation	93.778	810,385	15,899
Medical - At Risk Adults	93.778	800,989	



DURHAM COUNTY, NORTH CAROLINA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 YEAR ENDED JUNE 30, 2012

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
Division of Public Health:			
Medical Assistance Program	93.778	178,137	68,727
Passed-through Duke University:			
Medical Assistance Program	93.778	582,465	224,720
Total Division of Medical Assistance		<u>197,912,653</u>	<u>108,952,342</u>
<b>Total U.S. Dept. of Health and Human Services</b>		<u><b>228,044,891</b></u>	<u><b>123,697,879</b></u>
<b>Total Federal Awards</b>		<u><b>239,152,805</b></u>	<u><b>123,700,615</b></u>
<b>STATE AWARDS</b>			
<u>N.C. Dept. of Health and Human Services</u>			
Division of Social Services:			
Domiciliary Care - Direct Benefit Payment			2,071,773
State Foster Home			267,515
Program Integrity			8,055
Special Assistance for Blind - Direct Benefit Payment			13,802
Total Division of Social Services			<u>2,361,145</u>
Division of Public Health:			
State Aid to Counties			187,657
General Communicable Disease Control			21,517
Tobacco Grant			74,082
Environmental Health			4,000
Children's Special Health Services			19,065
Lead Prevention			1,473
School Nurse Funding Initiative			100,000
Adolescence Pregnancy Prevention			43
Total Division of Public Health			<u>407,837</u>
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
Crisis Services - MH			501,318
LME Systems Management			4,465,824
Multidisciplinary Evaluation			2,900
Mental Health Trust Fund			35,075
Medical Assistance - Medicaid			2,124,879
Total N.C. Department of Health and Human Services and Substance Abuse Services			<u>7,129,996</u>
Total N.C. Dept. of Health and Human Services			<u>9,898,978</u>
<u>N.C. Dept. of Cultural Resources</u>			
State Aid To Libraries			<u>227,920</u>
<u>N.C. Dept. of Transportation</u>			
Elderly and Disabled Transportation Assistance (E&DTAP)			218,610
Governor "Highway Safety Program"			13,239
Community Transportation			7,661
			<u>239,510</u>
<u>N.C. Dept. of Environment, Health and Natural Resources</u>			
Food and Lodging			28,512
NC Clean Water Management Trust Fund			753,700
Mosquito Control Program			2,220
Storm Water Education Program			26,259
Soil and Water Conservation			26,301
			<u>836,992</u>
<u>N.C. Division of Veterans Affairs</u>			
Veterans Service Program			<u>1,452</u>
<u>N.C. Division of Child Development</u>			
Passed-through Durham's Partnership for Children: Smart Start Initiative			<u>289,897</u>

DURHAM COUNTY, NORTH CAROLINA  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 YEAR ENDED JUNE 30, 2012

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<u>N.C. Dept. of Crime Control and Public Safety</u>			
Juvenile Crime Prevention (OJJ Program)			609,866
Safe Road Funds			18,476
Comprehensive Anti-Gang Initiative Program			12,635
Total N.C. Dept. of Crime Control and Public Safety			<u>640,977</u>
<u>N.C. Dept. of Corrections</u>			
Criminal Justice Partnership Program			<u>185,016</u>
<u>N.C. Dept. of Commerce</u>			
The One North Carolina Fund			<u>234,750</u>
<u>N.C. Dept. of Agriculture &amp; Consumer Services</u>			
Spay and Neuter Program			<u>24,048</u>
<u>N.C. Dept. of Public Instruction</u>			
Child Nutrition Program			<u>15,434</u>
<u>Office of State Budget and Management</u>			
Public School Building Capital Fund			<u>172,945</u>
Total Other State Awards			<u>12,767,919</u>
<b>TOTAL FEDERAL AND STATE AWARDS</b>		<b>\$ 239,152,805</b>	<b>\$ 136,468,534</b>

**DURHAM COUNTY, NORTH CAROLINA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2012**

**1. GENERAL**

The Schedule of Expenditures and Federal and State Awards (the "Schedule") presents the activities of all Federal and State financial award programs of Durham County, North Carolina (i.e. primary government only). The Durham County, North Carolina (the "County") reporting entity is defined in Note 1 to the County's basic financial statements. All Federal and State awards received directly from Federal and State agencies as well as Federal and State financial awards passed through other government agencies are included in the Schedule.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

**3. BENEFIT PAYMENTS ISSUED BY THE STATE**

Benefit payment amounts, which were paid directly by the State from Federal and State monies on behalf of the County, have been separately identified and quantified on the Schedule. These direct payments do not appear within the financial statements of the County because these amounts are not revenues and expenditures of the County. County personnel are involved in certain functions, primarily with eligibility determinations that cause benefit payments to be issued by the State.

**4. SUBRECIPIENTS**

During the fiscal year ended June 30, 2012, the County provided federal and State awards to subrecipients as follows:

<u>Program Titles</u>	Federal CFDA #	<u>Expenditures</u>	
		Federal	State
<u>U.S. Dept. of Justice</u>			
<u>Bureau of Justice Assistance</u>			
Passed-through the N.C. Dept. of Crime Control & Public Safety:			
Edward Byrne Memorial Justice Assistance Grant	16.738	\$ 70,595	\$ -
<u>N.C. Dept. of Crime Control and Public Safety</u>			
Juvenile Crime Prevention (OJJ Program)		-	455,800
<u>N.C. Dept. of Transportation</u>			
Rural Operating Assistance Program (ROAP)		-	218,610
<u>Office of State Budget and Management</u>			
Public School Building Capital Fund		-	172,945
<u>N.C. Dept. of Commerce</u>			
The One North Carolina Fund			234,750
		\$ 70,595	\$ 1,082,105