



**DURHAM COUNTY, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL  
AND STATE AWARDS**

*For the Year Ended June 30, 2013*

*And Report on Compliance and Internal Control*

**DURHAM COUNTY, NORTH CAROLINA**

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**Report of Independent Auditor 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  
Durham, North Carolina

We have audited, in accordance with the 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 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, 2013, and the related notes to the financial statements, which collectively comprises the County's basic financial statements, and have issued our report thereon dated October 28, 2013. Our report includes a reference to other auditors, who audited the financial statements of the County's 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**

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

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying 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 13-01 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters**

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

**Durham County's Response to Findings**

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

**Purpose of this Report**

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



Raleigh, North Carolina  
October 28, 2013

**Report of Independent Auditor on Compliance for 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 County, North Carolina  
Durham, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Durham County, North Carolina (the "County"), compliance of 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, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, 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 that are appropriate in the circumstances 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

### **Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133**

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 28, 2013, which contained an unmodified opinion on those financial 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.

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



Raleigh, North Carolina  
October 28, 2013

**Report of Independent Auditor on Compliance with Requirements  
Applicable to Each Major State Program and Internal Control  
Over Compliance in Accordance with *OMB Circular A-133* and the  
State Single Audit Implementation Act**

Board of County Commissioners  
Durham County, North Carolina  
Durham, North Carolina

**Report on Compliance for Each Major State Program**

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 the County's major State programs for the year ended June 30, 2013. The County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*; 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 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 on compliance for each major State program. However, our audit does not provide a legal determination on the County's compliance.

**Opinion on Each Major State Program**

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, 2013.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of section OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as items 13-02. Our opinion on each major state program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying, schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, 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 the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be or significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-03, that we consider to be a significant deficiency.

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 28, 2013, which contained an unmodified opinion on those financial 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 conducted 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 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.



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

A handwritten signature in black ink, appearing to read "Cherry Berkant" followed by a stylized flourish or initials.

Raleigh, North Carolina  
October 28, 2013

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2013

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued: Unmodified

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 auditor's report issued on compliance for major federal programs: Unmodified

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

Identification of major federal programs:

<u>CFDA#</u>	<u>Program/Cluster Name</u>
93.558-CL	Temporary Assistance for Needy Families Cluster
93.658-4CL	Foster Care and Adoption Cluster
93.778	Medical Assistance Program (Medicaid; Title XIX)
66.458	ARRA – Capitalization Grants for Clean Water State Revolving Funds (Loan)
93.767	Children's Health Insurance Program (CHIP)

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, 2013

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State Awards

Internal control over major state 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 state awards?  yes  no

Type of auditor's report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?  yes  no

Identification of major state programs:

Program Name

- Work First Program
- Foster Care and Adoption Programs
- CWS Adopt Subsidy – Direct Benefit Payment
- Medical Assistance
- Health Choice

**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 13-01**

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

Condition: During the current year, the County discovered that it had not recorded loans for State Revolving Loan proceeds received in prior years and instead had recorded them as grant revenues. There are two State Revolving Loans (loans) outstanding at June 30, 2012, \$3,157,553 and \$3,212,806, for a total of \$6,370,359 that should have been recorded as liabilities.

Context: Upon the notification of being awarded the first State Revolving Loan, staff misinterpreted the award documentation and treated the proceeds as grant revenues rather than as debt proceeds recording a corresponding liability upon the receipt of funding which is on a reimbursement basis. Repayment of the loan proceeds is not required until completion of the capital project for which the funding was received. As such, the misstatement of the funds was not discovered until the capital project was completed for the first loan in fiscal year 2013 and an amortization schedule received from the State for repayments to begin prior to fiscal year-end. In fiscal year 2013, the County has made the necessary adjustments and informed its auditors of the issue as well as put in place additional procedures to prevent this type of oversight going forward.

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2013*

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Effect: Liabilities were understated and revenues were overstated in fiscal year 2012 and beginning net position was overstated for the Sewer Utility Fund and business-type activities.

Cause: All appropriate members of the Finance Department were not included in the loan application process.

Recommendation: We recommend that the County review internal controls over the application process for the requests for awards of external funding to ensure the treatment of the funding awards are properly reported in the financial statements.

Management Response: Management agrees with the finding. Finance already had policies and procedures in place whereby the appropriate Finance staff is notified upon the award of grant funding; however, no formal policy or procedure regarding request for external funding requiring repayment of those funds existed because Finance typically manages all issuances of debt. This type of debt was new for the County and the normal process of debt issuance was not followed. Going forward, any requests submitted for funding that requires repayment of the funds received will include all appropriate members of Finance.

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

**Finding 13-02**

**NONMATERIAL NONCOMPLIANCE**  
**Allowable costs and Reporting**

Criteria: Durham County DSS employees should enter all time for each month.

Condition: During testing, we noted two instances in which time was not entered for employees during the month of March 2013.

Questioned costs: None. All of the employee's time was still reimbursable under Part I of the DSS-1571. There is a chance that the employee time was not accurately transferred to the correct funding source.

Context: During our testing of 60 case files, there were two instances in which time was not entered during the month of March 2013.

Effect: By not having all time entered during the month, the employees do not meet the minimum required minutes for the month.

Cause: There is a lack of employee and Supervisor oversight over time entered for the month.

Recommendation: We recommend that Durham County adhere to policies in place to ensure that all time is entered by an employee during the month and that supervisors should monitor time entry.

Views of responsible officials and planned corrective actions: The County agrees with the finding and will implement adequate procedures to ensure that this problem does not recur.

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2013*

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

**Finding 13-03**

**SIGNIFICANT DEFICIENCY**  
**Allowable costs and Reporting**

Criteria: Employee daysheets should agree to the monthly Percentage of Time Report submitted to the State.

Condition: We noted four instances in which the employee's daysheet for a month chosen did not agree to the Percentage of Time Report submitted for that month.

Context: Out of 60 daysheets tested, we noted four instances in which the employee's daysheet did not agree to the Percentage of Time Report.

Effect: By the daysheets not agreeing to the Percentage of Time Report, the time reported to the State is inaccurate.

Cause: There is a lack of employee and Supervisor oversight over time entered for the month.

Recommendation: We recommend that Durham County adhere to policies in place to ensure that daysheets agree to the Percentage of Time Report submitted to the State.

Views of responsible officials and planned corrective actions: The County agrees with the finding and will implement adequate procedures to ensure that this problem does not recur.

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2013*

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

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**II – Financial Statement Findings**

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**Finding 13-01**

Material Weakness

Name of contact person: Susan Tezai, Deputy Chief Financial Officer

Corrective action: Durham County has recorded a prior period adjustment for this amount to the Sewer Utility Fund and proper disclosure of the prior period adjustment was included in the notes to the financial statements. Going forward, any requests submitted for funding that requires repayment of the funds received will include all appropriate members of Finance

Proposed completion date: Already completed

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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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**Finding 13-02**

Nonmaterial Noncompliance

Name of contact person: Catherine Davis, Compliance Manager

Corrective action: Employees are being required to participate in additional training in order to ensure day sheets are entered timely and that all required time is entered correctly and accurately for the month with disciplinary action in place when there is failure to comply. In addition, a process is being put into place to review a monthly report of time entered by employee to ensure the required amount of time has been entered for all employees. Any employee's identified that did not meet the minimum required minutes recorded for the month will be researched and resolved accordingly with appropriate actions being taken.

Proposed completion date: Immediately

**Finding 13-03**

Nonmaterial Noncompliance

Name of contact person: Catherine Davis, Compliance Manager

Corrective action: A reconciliation process will be implemented validating the daysheet time entered agrees to the Percentage of Time Report submitted to the State.

Proposed completion date: Immediately

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2013*

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

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**II – Financial Statement Findings**

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**Material Weakness**  
**Finding 12-01**

Status: Corrected

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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 EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2013

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<b>FEDERAL AWARDS</b>			
<b><u>U.S. Dept. of Agriculture</u></b>			
<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	\$ 2,141,586	\$ -
Division of Public Health:			
Administration:			
Food Stamp Administration	10.551	387,712	-
AGRI-SFP Food Program Meal	10.559	5,218	-
Division of Aging:			
Special Programs for the Aging - Title III-B	93.044	399,402	-
Special Programs for the Aging - Title III-C	93.045	142,882	-
Nutrition Services Incentive Program(NSIP)	93.053	23,111	-
Passed-through the N.C. Dept. of Agriculture			
Food Distribution Division	10.565	2,783	-
Passed-through the N.C. Agricultural and Technical State University			
Sustainable Agriculture Research and Education	10.500	30,694	-
<b>Total U.S. Dept. of Agriculture</b>		<b>3,133,388</b>	<b>-</b>
<b><u>U.S. Dept. of Justice</u></b>			
<u>Bureau of Justice Assistance</u>			
Passed-through the N.C. Dept. of Crime Control & Public Safety:			
Office of Justice Programs	16.203	30,033	-
State Criminal Alien Assistance Program	16.606	95,665	-
Edward Byrne Memorial Justice Assistance Grant	16.738	173,126	-
Second Chance Act Prisoner Reentry Initiative	16.812	27,688	-
Passed-through the City of Durham			
Criminal & Juvenile Justice & Mental Health Collaboration Program	16.745	48,048	-
<b>Total U.S. Dept. of Justice</b>		<b>374,560</b>	<b>-</b>
<b><u>U.S. Environmental Protection Agency</u></b>			
<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	7,204,095	-
<b>Total U.S. Environment Protection Agency</b>		<b>7,204,095</b>	<b>-</b>
<b><u>U.S. Department of Energy</u></b>			
Passed-through The Triangle J Council of Governments			
ARRA - Energy Efficiency and Renewable Energy Technology Deployment	81.129	60	-
<b>Total U.S. Dept. of Energy</b>		<b>60</b>	<b>-</b>
<b><u>U.S. Dept. of Homeland Security</u></b>			
Passed-through the N.C. Dept. of Homeland Security:			
Emergency Management Performance Grant	97.042	92,767	-
<b>Total U.S. Dept. of Homeland Security</b>		<b>92,767</b>	<b>-</b>



**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2013

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<b><u>U.S. Dept. of Housing and Urban Development</u></b>			
Passed-through the N.C. Housing Finance Agency HOME Investment Partnerships Program	14.239	\$ 35,106	\$ -
Passed-through The City of Durham: Office of Community Planning and Development Community Development Block Grant	14.218	3,922	-
Passed-through the Department of Commerce Community Development Block Grant	14.228	9,743	-
<b>Total U.S. Dept. of Housing and Urban Development</b>		<b>48,771</b>	<b>-</b>
<b>U.S. Dept. of Transportation</b>			
<b>Passed-through the N.C. Dept. of Transportation</b>			
<b>Division of Public Transportation</b>			
Capital Assistance Program	20.513	90,309	-
New Freedom Transportation Program	20.521	100,503	6,038
<b>Total U.S. Dept. of Transportation</b>		<b>190,812</b>	<b>6,038</b>
<b><u>U.S. Dept. of Health &amp; Human Services</u></b>			
<b>Division of Public Health:</b>			
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>			
<b>Centers for Disease Control and Prevention</b>			
<b>Division of Public Health:</b>			
Public Health Emergency Preparedness	93.069	78,778	-
CDC Tuberculosis Project	93.116	35,253	85,048
CDC Immunization	93.268	51,961	-
Capacity Building Minigrants	93.283	2,500	-
Building Capacity for Public Health Systems	93.524	1,500	-
Jail Testing Prevention	93.558	173,414	-
HIV Prevention Activities	93.940	129,861	-
Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	20,350	7,650
Block Grants for Prevention and Treatment of Substance Abuse	93.959	47,572	-
Prevent Health Service STD Control Grant	93.977	70,431	89,797
		<b>611,620</b>	<b>182,495</b>
<b>Administration of Children and Families</b>			
<b>Division of Social Services:</b>			
SSBG - HIV/STD Aid	93.667	3,938	20,000
Temporary Assistance for Needy Families	93.558	27,076	-
Refugee Health Assessments	93.576	8,085	-
		<b>39,099</b>	<b>20,000</b>
<b>Health Resources and Service Administration</b>			
<b>Division of Public Health:</b>			
Family Planning Services	93.217	54,088	-
Positive Parenting Program	93.994	114,265	85,709
Maternal Health	93.994	105,496	79,131
MCH Block Grant -Women's Prevention	93.994	69,186	51,896
-Child Care Coordination	93.994	43,501	32,630
-Child Health	93.994	20,610	15,459
		<b>407,146</b>	<b>264,825</b>
<b>Passed-through the N.C. Dept. of Environment &amp; Natural Resources:</b>			
<b>Division of Environmental Health:</b>			
Healthy Homes & Lead Poisoning Prevention	93.070	13,010	-
<b>Passed-through Duke University:</b>			
<b>Division of Medical Assistance:</b>			
Medical Assistance Program	93.778	730,235	281,731
<b>Centers for Medicare and Medicaid Services</b>			
Health Care Innovation Awards	93.610	118,383	-
<b>Total Public Health</b>		<b>1,919,493</b>	<b>749,051</b>

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2013

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<b><u>U.S. Dept. of Health &amp; Human Services</u></b>			
<b><u>Administration for Children and Families</u></b>			
<b>Passed-through N.C. Dept. of Health and Human Services:</b>			
<b>Division of Social Services:</b>			
<b><u>Foster Care and Adoption Cluster:</u></b>			
CWS Adopt Subsidy - Direct Benefit Payment	93.645	\$ -	\$ 806,599
Title IV E Adopt Assistance - Direct Benefit Payment	93.658	861,129	231,199
IV-E CPS	93.658	553,686	206,625
IV-E Adoption Assistance	93.659	95,177	-
IV-E Foster Care	93.658	1,484,108	100,124
Total Foster Care and Adoption Cluster		<u>2,994,100</u>	<u>1,344,547</u>
TANF - Direct Benefit Payments	93.558	1,598,123	(625)
Work First Administration	93.558	649,366	-
Work First Service	93.558	2,205,783	-
Special Children Adoption	93.558	6,896	-
Family Preservation	93.556	13,651	-
Title IV D - Child Support Enforcement	93.563	2,782,456	(32)
Refugee Assistance	93.566	93,166	-
Low Income Energy Administration	93.568	207,050	-
Low Income Home Energy Assistance Program	93.568	684,267	-
Crisis Intervention	93.568	1,266,779	-
Day Care Coordinator	93.596	546,409	-
Permanency Planning - Child Welfare Services	93.645	138,445	19
SSBG - Other Service and Training	93.667	1,307,043	142,847
Independent Living - (LINK)	93.674	53,543	8,744
<b>Division of Aging:</b>			
SSBG - In Home Service Fund	93.667	107,657	-
SSBG - Adult Day Care	93.667	118,330	71,295
<b>Sub-Total</b>		<u>11,778,964</u>	<u>222,248</u>
<b>Division of Child Development:</b>			
<b><u>Subsidized Child Care Cluster</u></b>			
Child Care and Development Fund - Discretionary	93.575	5,766,719	-
Child Care and Development Fund - Mandatory	93.596	2,442,596	-
Child Care and Development Fund - Match	93.596	701,854	-
Social Services Block Grant	93.667	77,865	-
Temporary Assistance for Needy Families	93.558	2,905,462	-
TANF - Maintenance of Effort		-	2,263,834
Total Subsidized Child Care Cluster		<u>11,894,496</u>	<u>2,263,834</u>
IV-E Foster Care	93.575	140,447	69,161
<b>Total Child Development</b>		<u>12,034,943</u>	<u>2,332,995</u>
<b>Division of Social Services:</b>			
Promoting Safe and Stable Families	93.556	99,152	-
<b>Total Administration for Children and Families</b>		<u>26,907,159</u>	<u>3,899,790</u>
<b><u>Substance Abuse and Mental Health Service Administration</u></b>			
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>			
<b>Division of Mental Health, Developmental Disabilities</b>			
Building Every Chance of Making It Now and Grown Up Project	93.243	941,044	-

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2013

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<b><u>Health Care Financing Administration</u></b>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	\$ 190,050,565	\$ 105,036,796
Division of Social Services:			
Administration:			
Health Choice	93.767	139,846	9,470
Adult Care Home Case Management	93.778	88,596	62,720
Medical Assistance Administration	93.778	2,942,631	-
Medical Assistance Transportation	93.778	1,162,150	5,877
State County Special Assistance	93.778	31,334	-
Medical - At Risk Adults	93.778	441,832	-
<b>Total Division of Medical Assistance</b>		<b>194,856,954</b>	<b>105,114,863</b>
<b>Total U.S. Dept. of Health and Human Services</b>		<b>224,624,650</b>	<b>109,763,704</b>
<b>Total Federal Awards</b>		<b>\$ 235,669,103</b>	<b>\$ 109,769,742</b>
<b>STATE AWARDS</b>			
<b><u>N.C. Dept. of Health and Human Services</u></b>			
Division of Social Services:			
Domiciliary Care - Direct Benefit Payment		-	2,261,380
State Foster Home		-	132,126
Program Integrity		-	7,619
Energy Assistance Private Grant		-	569
Special Assistance for the Blind		-	16,450
<b>Total Division of Social Services</b>		<b>-</b>	<b>2,418,144</b>
Division of Public Health:			
State Aid to Counties		-	168,220
Healthy Communities		-	5,912
General Communicable Disease Control		-	21,517
Women's Health Services		-	21,875
Smoke Free Rule		-	24,481
Youth Tobacco Preventive Grant		-	41,115
Environmental Health		-	4,000
Children's Special Health Services		-	20,000
Food and Lodging		-	28,517
School Nurse Funding Initiative		-	100,000
<b>Total Division of Public Health</b>		<b>-</b>	<b>435,637</b>
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
Medical Assistance - Medicaid		-	162,692
<b>Total N.C. Department of Health and Human Services and Substance Abuse Services</b>		<b>-</b>	<b>162,692</b>
<b>Total N.C. Dept. of Health and Human Services</b>		<b>-</b>	<b>3,016,473</b>
<b><u>N.C. Dept. of Cultural Resources</u></b>			
State Aid To Libraries		-	222,753
<b><u>N.C. Dept. of Transportation</u></b>			
Elderly and Disabled Transportation Assistance (E&DTAP)		-	200,640
Governor's Highway Safety Program		-	13,239
Community Transportation		-	49,734
		<b>-</b>	<b>263,613</b>

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2013

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<u>N.C. Dept. of Environment, Health and Natural Resources</u>			
Mosquito Control Program		\$ -	\$ 2,795
Storm Water Education Program		-	23,128
Community Waste Reduction and Recycling Grant		-	8,361
Soil and Water Conservation		-	46,844
			<u>81,128</u>
<u>N.C. Division of Veterans Affairs</u>			
Veterans Service Program		-	1,452
<u>N.C. Division of Child Development</u>			
Passed-through Durham's Partnership for Children:			
Smart Start Initiative		-	289,896
<u>N.C. Dept. of Crime Control and Public Safety</u>			
Juvenile Crime Prevention (OJJ Program)		-	607,699
Safe Road Funds		-	18,312
Total N.C. Dept. of Crime Control and Public Safety		-	<u>626,011</u>
<u>N.C. Dept. of Public Safety</u>			
Treatment for Effective Community Supervision (TECS)		-	62,599
<u>N.C. Dept. of Commerce</u>			
The One North Carolina Fund		-	64,000
<u>N.C. Dept. of Agriculture &amp; Consumer Services</u>			
Spay and Neuter Program		-	15,363
<u>N.C. Dept. of Public Instruction</u>			
Child Nutrition Program		-	20,427
<u>N.C. State Board of Election</u>			
HAVA Additional One-Stop Site Grant		-	8,150
<u>Office of State Budget and Management</u>			
Public School Building Capital Fund		-	102,473
Total Other State Awards		-	1,757,865
<b>TOTAL FEDERAL AND STATE AWARDS</b>		<b>\$ 235,669,103</b>	<b>\$ 114,544,080</b>

**DURHAM COUNTY, NORTH CAROLINA**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2013

**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, 2013, the County provided federal and State awards to subrecipients as follows:

<b>Program Titles</b>	<b>Federal CFDA #</b>	<b>Expenditures</b>	
		<b>Federal</b>	<b>State</b>
<b><u>U.S. Dept. of Justice</u></b>			
<b><u>Bureau of Justice Assistance</u></b>			
Passed-through the N.C. Dept. of Crime Control & Public Safety:			
Edward Byrne Memorial Justice Assistance Grant	16.738	\$ 70,595	\$ -
Passed-through The City of Durham			
Criminal & Juvenile Justice & Mental Health Collaboration Program	16.745	48,048	-
<b><u>U.S. Dept. of Housing and Urban Development</u></b>			
Passed-through the N.C. Housing Finance Agency			
HOME Investment Partnerships Program	14.239	35,106	-
Passed-through The City of Durham			
Community Development Block Grant	14.218	3,922	-
<b><u>Office of National Institute of Food and Agriculture</u></b>			
Passed-through the N.C. Agricultural and Technical State University			
Sustainable Agriculture Research and Education	10.500	30,694	-

**DURHAM COUNTY, NORTH CAROLINA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

*YEAR ENDED JUNE 30, 2013*

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**N.C. Dept of Crime Control and Public Safety**

Juvenile Crime Prevention (OJJ Program) \$ - \$ 501,711

**N.C. Dept of Transportation**

Rural Operating Assistance Program (ROAP) - 199,760

**Office of State Budget and Management**

Public School Building Capital Fund - 102,473

**N.C. Dept of Commerce**

The One North Carolina Fund - 64,000

\$ 188,365 \$ 867,944