

DURHAM COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and
State Awards for the Year Ended June 30, 2007
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, 2007, and have issued our report thereon dated October 24, 2007. We did not audit the financial statements of the Durham County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Durham County ABC Board is based solely on the reports of the 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. The financial statements of the Durham County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-03 to be a significant deficiency.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

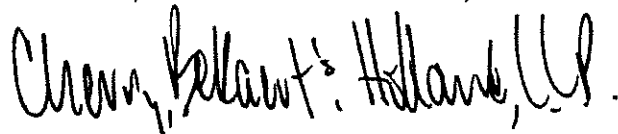
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 responses. We did not audit the County's response and accordingly, we express no opinion on it.

We also noted certain matters that we reported to management of the County in a separate letter dated October 24, 2007.

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.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink that reads "Cherry, Bekert & Holland, LLP." The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 24, 2007



**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 are applicable to each of its major federal programs for the year ended June 30, 2007. 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 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as we discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-01 and 07-02 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. We did not consider any of the above deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

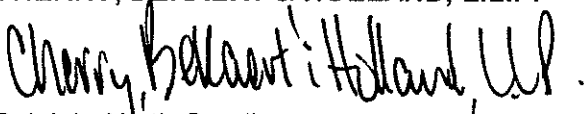
The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal and State Awards

We have audited the basic 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, 2007, and have issued our report thereon dated October 24, 2007. We did not audit the financial statements of the Durham County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts for the Durham County ABC 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 taken as a whole. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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.

CHERRY, BEKAERT & HOLLAND, L.L.P.



Raleigh, North Carolina
October 24, 2007



**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 the compliance of Durham County, North Carolina (the "County"), with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2007. 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 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 requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as we discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-01 and 07-02 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control. We did not consider any of the above deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

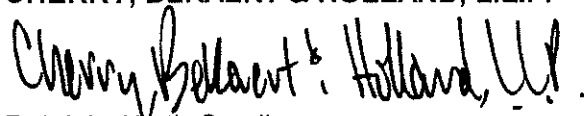
The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal and State Awards

We have audited the basic 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, 2007, and have issued our report thereon dated October 24, 2007. We did not audit the financial statements of the Durham County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts for the Durham County ABC Board, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.



Raleigh, North Carolina
October 24, 2007

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended JUNE 30, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? ___yes X no
- Significant deficiency (ies) identified that are not considered to be material weakness(es)? ___X yes ___none reported

Noncompliance material to Financial Statements noted? ___yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? ___yes X no
- Significant deficiency (ies) identified that are not considered to be material weakness(es)? ___X yes ___no

Noncompliance material to federal awards? ___yes X no

Type of auditor's 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 X no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program/Cluster Name</u>
93.658CL	Title IV-E Foster Care Cluster
93.658	Foster Care – Title IV-E
93.645	CWS Adoption Subsidy
93.659	Adoption Assistance
93.575CL	Subsidized Child Care Cluster
93.575	Child Care and Development Fund, Discretionary
93.596	Child Care and Development Fund, Mandatory
93.667	Social Services Block Grant
93.558	Temporary Assistance for Needy Families (TANF)
93.778	Medical Assistance – Title XIX
93.767	NC Health Choice (CHIPS)

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

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

Auditee qualified as low-risk auditee X yes no

State Awards

Internal control over major state programs:

▪ Material weakness (es) identified? yes X no

▪ Significant deficiency (ies) identified that
are not considered to be material weakness(es)? X yes no

Noncompliance material to state awards? yes X no

Type of auditor's 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 X no

Identification of major state programs:

Program Name

None except those noted below as a State match to a federal program.

The major State programs for Durham County are the Title IV-E Foster Care Cluster, the Subsidized Child Care Cluster, Medical Assistance – Title XIX and NC Health Choice (CHIPS), each of which is a State match on a federal program. Therefore, these programs have been included in the list of major federal programs above.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

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

II – Financial Statement Findings

Finding 07-03

SIGNIFICANT DEFICIENCY

Criteria: Internal controls are enhanced when the responsibility for executing a transaction, recording the transaction and maintaining custody of the assets resulting from the transaction are assigned to different individuals.

Condition: Our review of application controls for the financial reporting system indicated that the system administrators also review and approve the authorization of assigned users.

Effect: Some users may have access to all financial transactions.

Cause: There appears to be a lack of segregation of duties.

Recommendation: The County should implement proper segregation of duties for the assignment of financial systems applications.

Management Response: Durham County will continue to work within the new operating system to ensure proper access rights are available to necessary users.

III – Federal Award Findings and Questioned Costs

Federal Agency: Medical Assistance – Title XIX

CFDA# 93.778

Finding 07-01

SIGNIFICANT DEFICIENCY

Eligibility

Criteria: Experienced caseworkers in Adult Medicaid should have three cases per month reviewed for quality.

Condition: Quality reviews of cases were not being completed on sampled files.

Context: The Adult Medicaid department lead position is vacant. One of this individual's responsibilities is the quality control of the caseworkers.

Questioned Costs: None.

Effect: Since there has not been a lead caseworker for several months, regular review of caseworkers are not being completed. It could lead to consistent and repetitive mistakes, which are not uncovered.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

Cause: There is a vacancy in the lead worker position in Adult Medicaid. The lead worker is responsible for reviewing three cases per month per caseworker to ensure that they are following established controls and the cases are being completed correctly.

Recommendation: The vacant position should be filled. Until such time, the program supervisors should be performing the quality control reviews.

Management Response: The County considers this situation to be an isolated occurrence. In the absence of any worker who has the responsibility to monitor quality controls, the responsibility will be designated to the Supervisor or other Supervisors in the Medicaid Division until the position is filled.

Agency: North Carolina Health Choice

CFDA#: 93.767

Finding 07-02

SIGNIFICANT DEFICIENCY

Eligibility

Criteria: At the completion of determining eligibility, the caseworker must print out an approval or denial form and send it to the applicant.

Condition: In the testing, several clients did not have an approval or denial form in the file to show the results of their request for assistance.

Context: This appears to be human error, occurring on a consistent basis.

Questioned Costs: None.

Effect: The client would be unaware of the status of coverage or their lack of such coverage.

Cause: Family and Children's Medicaid caseworkers and NC Health Choice (NCHC) caseworkers work on both programs due to their similarities. In Family Medicaid, the approval or denial form must be sent out manually. In NC Health Choice, caseworkers have the ability to send the approval or denial form automatically using the computer system. The caseworkers thought they entered "send automatically" because it was a NC Health Choice case, when in many cases they entered "send manually".

Recommendation: The caseworker should always send out the approval or denial form manually when dealing with NCHC cases. This will allow the caseworkers to be consistent with their process for both programs.

Management Response: The NC Health Choice staff will reread the procedure for sending notices to applicants/clients and the Supervisor and/or the Lead worker will monitor the cases monthly to ensure the procedure is consistently applied.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

IV – State Award Findings and Questioned Costs

Medical Assistance – Title XIX

Finding 07-01

SIGNIFICANT DEFICIENCY

Eligibility

See section III – Federal Award Findings and Questioned Costs

North Carolina Health Choice

Finding 07-02

SIGNIFICANT DEFICIENCY

Eligibility

See section III - Federal Award Findings and Questioned Costs

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

SECTION III – SCHEDULE OF CORRECTIVE ACTION PLANS

II – Financial Statement Findings

Finding: 07-03

Name of contact person: George Quick, Finance Director

Corrective Action: Durham County will continue to work within the new operating system to ensure proper access rights are available to necessary users.

Proposed Completion Date: Fiscal 2007-2008.

III – Federal Award Findings and Questioned Costs

Finding: 07-01

Name of contact person: Cynthia Cason, Medicaid Program Manager

Corrective Action: The County is hiring a Lead worker in the Adult Medicaid department. Also, the current supervisor will be responsible for completing the quality control reviews until a Lead worker is hired.

Proposed Completion Date: Fiscal 2007-2008.

Finding: 07-02

Name of contact person: Cynthia Cason, Medicaid Program Manager

Corrective Action: The County will have staff review the procedure for sending notices to applicants/clients and the Supervisor and/or the Lead worker will monitor the cases monthly to ensure procedure is consistent.

Proposed Completion Date: Fiscal 2007-2008.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

IV – State Award Findings and Questioned Costs

Medical Assistance – Title XIX

Finding 07-01

SIGNIFICANT DEFICIENCY

Eligibility

See section III – Federal Award Findings and Questioned Costs

North Carolina Health Choice

Finding 07-02

SIGNIFICANT DEFICIENCY

Eligibility

See section III – Federal Award Findings and Questioned Costs

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

II – Financial Statement Findings

No findings noted in prior year.

III – Federal Award Findings and Questioned Costs

No findings noted in prior year.

IV – State Award Findings and Questioned Costs

Public School Building Capital Fund

Finding 06-01

NONMATERIAL NONCOMPLIANCE
Activities Allowed or Unallowed

Status: Corrected.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES		
		FEDERAL	STATE	
FEDERAL AWARDS				
<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	\$ 1,406,671	\$	
Food Stamp-Noncash	10.551	26,499,819		
Total Food Stamp Cluster		<u>27,906,490</u>		
Division of Public Health:				
Food Stamp Administration	10.561	319,228		
Division of Aging:				
Elderly Feeding Program	10.570	<u>521,542</u>		
Total U.S. Dept. of Agriculture		<u>28,747,260</u>		
<u>U.S. Dept. of Justice</u>				
<u>Bureau of Justice Assistance</u>				
Passed-through the N.C. Dept. of Crime Control & Public Safety:				
Direct Programs:				
Juvenile Accountability Incentive Block Grant	16.523	22,106		
Bulletproof Vest Partnership Program	16.607	16,812		
Gang Resistance Education and Training	16.737	9,588		
Edward Byrne Memorial Justice Assistance Grant	16.738	573,684		
Total U.S. Dept. of Justice		<u>622,190</u>	<u>-</u>	
<u>U.S. Dept. of Homeland Security</u>				
Passed-through the N.C. Dept. of Homeland Security:				
State Domestic Preparedness Equipment Support Program	97.004	218,407		
Emergency Management Performance Grant	97.042	131,001		
Homeland Security Grant Program	97.078	48,732		
Total U.S. Dept. of Homeland Security		<u>398,140</u>	<u>-</u>	
<u>U.S. Dept. of Health & Human Services</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
CDC Tuberculosis Project	93.116	42,290	81,965	
Family Planning Services	93.217	107,513		
CDC Immunization	93.268	57,158	532	
Bioterrorism Grant	93.283	201,396		
Temporary Assistance for Needy Families	93.558	33,328		
CDC Aids Prevention	93.940	167,571	24,108	
DHR Injection Drug User	93.959	78,880		
Preventive Health Block Grant	93.991	19,392	11,760	
Maternal Health	93.994	79,131	105,496	
MCH Block Grant	93.994	43,725	67,189	
		-Women's Prevention	93.994	41,432
		-Child Care Coordinator	93.994	8,417
		-Child Health	93.994	11,221
Total Public Health		<u>880,233</u>	<u>357,508</u>	
Division of Facility Services				
EMS Homeland Security Grant	93.003	<u>28,982</u>		

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<u>Administration for Children and Families</u>			
Passed-through N.C. Dept. of Health and Human Services:			
Division of Social Services:			
<u>Foster Care and Adoption Cluster:</u>			
CWS Adopt Subsidy	93.645	267,190	706,302
Title IV E Adopt Assistance	93.658	652,294	
IV E Waiver	93.658	11,357	96
IV E CPS/Optional	93.658	792,262	243,930
IV E Foster Care	93.658	459,625	285,257
Adoption/Guardianship	93.659	936,356	205,586
Total Foster Care and Adoption Cluster		<u>3,119,084</u>	<u>1,441,171</u>
TANF - Direct Benefit Payments	93.558	2,084,249	
Work First Administration	93.558	535,090	
Work First Service	93.558	2,341,355	
Domestic Violence	93.558	20,640	
Title IV D - Child Support Enforcement	93.563	2,735,120	
LIEAP Administration	93.568	52,526	
Crisis Intervention	93.568	779,889	
Energy Assistance Payments	93.568	524,370	
Refugee Assistance Payments	93.566	9,593	
Day Care Coordinator	93.596	623,338	
Adolescent Parenting	93.645	56,257	18,990
Permanency Planning - Child Welfare Services	93.645	70,546	18,133
SSBG - Other Service and Training	93.667	884,062	142,847
Independent Living - (LINK)	93.674	68,663	18,739
Division of Aging:			
SSBG - In Home Service Fund	93.667	553,505	
SSBG - Adult Day Care	93.667	80,238	122,196
Total Administration for Children and Families		<u>14,538,525</u>	<u>1,762,076</u>
Division of Child Development:			
<u>Subsidized Child Care Cluster</u>			
Child Care and Development Fund - Discretionary	93.575	5,441,583	
Child Care and Development Fund - Mandatory	93.596	4,297,987	1,092,935
Social Services Block Grant	93.667	144,594	
TANF	93.558	2,162,188	
Smart Start			6,247,017
Total Subsidized Child Care Cluster		<u>12,046,352</u>	<u>7,339,952</u>
<u>Substance Abuse and Mental Health Service Administration</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
Path Homeless Block Grant	93.150	143,520	

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<u>Mental Health Cluster</u>			
Block Grant for Community Mental Health Services	93.958	31,484	
Social Services Block Grant	93.667	136,160	
State Appropriations			707,866
			-Child
			-Adult
			-Other
Total Mental Health Cluster		<u>167,644</u>	<u>2,844,206</u>
<u>Developmental Disability Cluster</u>			
SSBG-Developmental Disabilities	93.667	423,725	
State Appropriations			414,518
			-Child
			-Adult
			-Other
Total Developmental Disability Cluster		<u>423,725</u>	<u>2,064,209</u>
<u>Substance Abuse Services Cluster</u>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	1,435,637	
State Appropriations			52,576
			-Child
			-Adult
			-Other
Total Substance Abuse Services Cluster		<u>1,435,637</u>	<u>1,134,540</u>
<u>Health Care Financing Administration</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	152,639,819	77,716,038
Division of Social Services:			
Administration:			
Health Choice	93.767	72,873	8,844
Adult Care Home Case Management	93.778	211,579	115,070
Medical Assistance Administration	93.778	2,100,586	
Medical Assistance Transportation	93.778	1,155,467	64,454
Total Division of Medical Assistance		<u>156,180,324</u>	<u>77,904,406</u>
Total U.S. Dept. of Health and Human Services		<u>185,844,942</u>	<u>93,406,897</u>
Total Federal Awards		<u>215,612,532</u>	<u>93,406,897</u>
STATE AWARDS			
<u>N.C. Dept. of Health and Human Services</u>			
Division of Social Services:			
Domiciliary Care			2,223,185
State Aid to Counties			166,945
DCD Smart Start Administration			583,881
Program Integrity			9,721
Special Assistance for Blind			89,266
Total Division of Social Services			<u>3,072,998</u>

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
Division of Public Health:			
State Aid to Counties			105,220
Communicable Disease			21,517
Targeted infant Mortality Reduction			49,827
Minority Infant Reduction			19,975
Tobacco Grant			69,727
Lincoln Aids Grant			28,000
Environmental Health			23,900
Children's Special Health Services			17,004
Child Health Training			75,834
Lead Prevention			57,343
Total Division of Public Health			<u>468,347</u>
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
MR/MI Program			1,167,322
CTSP Program			760,191
MH Deaf Interpreting Program			292,279
Crisis Services -MH			38,320
Crisis Services -SA			84,000
General Services			4,761,114
Emergency Services			264,946
Multidisciplinary Evaluation			11,700
Total N.C. Department of Health and Human Services and Substance Abuse Services			<u>7,379,872</u>
Total N.C. Dept. of Health and Human Services			<u>10,921,217</u>
<u>N.C. Dept. of Cultural Resources</u>			
State Aid To Libraries			264,542
Total N.C. Dept. of Cultural Resources			<u>264,542</u>
<u>N.C. Dept. of Transportation</u>			
Elderly and Disabled Transportation Assistance (E&DTAP)			118,893
Community Transportation			122,468
			<u>241,361</u>
<u>N.C. Dept. of Environment, Health and Natural Resources</u>			
Storm Water Education Program			18,917
Soil and Water Conservation			24,209
			<u>43,126</u>
<u>N.C. Division of Veterans Affairs</u>			
Veterans Service Program			2,000
			<u>2,000</u>
<u>N.C. Department of Insurance</u>			
Coordinator Sites			3,100
			<u>3,100</u>
<u>N.C. Cooperative Extension Services</u>			
Welcome Baby			297,797
Total N.C. Cooperative Extension Services			<u>297,797</u>
<u>N.C. Dept of Crime Control and Public Safety</u>			
State Partnership Program			174,537
Juvenile Crime Prevention (OJJ Program)			658,052
Bioterrorism Grant			29,818
Total N.C. Dept. of Crime Control and Public Safety			<u>862,407</u>
<u>N.C. Dept. of Public Instruction</u>			
Public School Building Bonds			7,549
			<u>7,549</u>
<u>Office of State Budget and Management</u>			
Public School Building Capital Fund			442,670
			<u>442,670</u>

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Year Ended JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
Total Other State Awards			2,164,552
TOTAL FEDERAL AND STATE AWARDS		\$ 215,612,532	\$ 106,492,666

DURHAM COUNTY, NORTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2007

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 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.