

CHATHAM COUNTY  
NORTH CAROLINA

COMPLIANCE LETTERS

FOR THE YEAR ENDED JUNE 30, 2010

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

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

**CHATHAM COUNTY, NORTH CAROLINA**  
**Compliance Letters**  
**For the Year Ended June 30, 2010**

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

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

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

To the Board of Commissioners  
Chatham County, North Carolina

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 Chatham County, North Carolina, as of and for the year ended June 30, 2010, not presented here, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 26, 2010. Our report includes a reference to other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Chatham County ABC Board, as described in our report on Chatham 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 on separately by those auditors.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Chatham 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 Chatham County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A 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 financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Chatham 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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

Martin Starnes & Associates, CPAs, P.A.

October 26, 2010

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

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

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

To the Board of Commissioners  
Chatham County, North Carolina

### **Compliance**

We have audited the compliance of Chatham County, North Carolina, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. Chatham County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Chatham County's management. Our responsibility is to express an opinion on Chatham County's compliance based on our audit.

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

In our opinion, Chatham County complied, in all material respects, with the 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, 2010.

## Internal Control Over Compliance

The management of Chatham 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 Chatham 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 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, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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 Chatham County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 26, 2010. We did not audit the financial statements of the Chatham County ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chatham County ABC Board is based solely on the report of the other auditors. Our audit was performed for the purpose of forming an opinion on financial statements that collectively comprise the basic financial statements of Chatham County, North Carolina. The accompanying Schedule of Expenditures of Federal and State Awards 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, is presented for purposes of additional analysis 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 Board of Commissioners, management, federal and State awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Martin Starnes & Associates, CPAs, P.A.  
October 26, 2010

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

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

## **Report On Compliance With Requirements That Could Have a Direct and Material Effect On Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections Of OMB Circular A-133 And The State Single Audit Implementation Act**

To the Board of Commissioners  
Chatham County, North Carolina

### **Compliance**

We have audited the compliance of Chatham County, North Carolina, with the types of compliance requirements described in applicable sections of OMB Circular A-133 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 its major State programs for the year ended June 30, 2010. Chatham County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Chatham County's management. Our responsibility is to express an opinion on Chatham County's compliance based on our audit.

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

In our opinion, Chatham County complied, in all material respects, with the 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, 2010.

## Internal Control Over Compliance

The management of Chatham 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 Chatham 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 and to test and report on internal control over compliance in accordance with 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, 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, non-compliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

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

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 Chatham County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 26, 2010. We did not audit the financial statements of the Chatham County ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chatham County ABC Board is based solely on the report of the other auditors. Our audit was performed for the purpose of forming an opinion on financial statements that collectively comprise the basic financial statements of Chatham County, North Carolina. The accompanying Schedule of Expenditures of Federal and State Awards 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, is presented for purposes of additional analysis 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 Board of Commissioners, management, federal and State awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Martin Starnes & Associates, CPAs, P.A.  
October 26, 2010

# CHATHAM COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2010

### 1. Summary of Auditors' Results

- A. An unqualified opinion was issued on the financial statements of Chatham County, North Carolina.
- B. Our audit of the basic financial statements disclosed no significant deficiencies or material weaknesses in internal controls.
- C. Our audit of the basic financial statements disclosed no instances of non-compliance with laws, regulations, and the provisions of contracts and grant agreements that are material to the basic financial statements.
- D. Our audit of compliance with the types of compliance requirements applicable to the County's major programs disclosed no significant deficiencies or material weaknesses in internal controls over major programs.
- E. An unqualified opinion was issued on Chatham County, North Carolina's compliance with the types of compliance requirements applicable to its major federal programs.
- F. An unqualified opinion was issued on Chatham County, North Carolina's compliance with the types of compliance requirements applicable to its major State programs.
- G. Our audit disclosed no audit findings which related to federal and State awards.
- H. Major federal programs for the Chatham County, North Carolina for the fiscal year ended June 30, 2010 are:

<u>Program Name</u>	<u>CFDA#</u>
Title XIX Medicaid	93.778
Subsidized Childcare Cluster	93.558, 93.575, 93.596, 93.667
Supplemental Nutrition Assistance Program	10.561
Foster Care and Adoption	93.658, 93.659

- I. Major State programs for Chatham County, North Carolina for the fiscal year ended June 30, 2010 are:
  - State/County Special Assistance for Adults
  - DENR – Clean Water Management Trust
- J. The threshold for determining Type A programs for Chatham County, North Carolina is \$1,316,047.
- K. Chatham County, North Carolina did not qualify as a low risk auditee under Section .530 of Circular No. A-133.

**CHATHAM COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2010**

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

None

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

None

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

None

**CHATHAM COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

None.

CHATHAM COUNTY, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
<b>Federal Awards:</b>				
<b><u>U.S. Dept. of Agriculture</u></b>				
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>				
<b>Division of Social Services:</b>				
<b>Administration:</b>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:				
ARRA-Supplemental Nutrition Assistance Program	10.561		56,597	
Supplemental Nutrition Assistance Program	10.561		312,805	
Supplemental Nutrition Assistance Program-Fraud	10.561		11,033	
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>				
<b>Division of Public Health:</b>				
<b>Direct Benefit Payments:</b>				
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		1,244,462	
Child and Adult Care Food Program	10.558		127	
<b>Passed through Triangle J Council of Governments</b>				
USDA Supplement	10.570		16,785	
<b>Total U.S. Dept. of Agriculture</b>			<b>1,641,809</b>	<b>-</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<b>Passed through N.C. Department of Commerce</b>				
<b>Division of Community Assistance</b>				
Community Development Block Grant - Scattered Site Housing	14.228	07-C-1654	83,271	
<b>Total U.S. Department of Housing and Urban Development</b>			<b>83,271</b>	<b>-</b>
<b><u>U.S. Dept. of Justice</u></b>				
<b><u>Bureau of Justice Assistance</u></b>				
<b>Passed-through N.C. Dept. of Crime Control and Public Safety:</b>				
Gang Resistance and Education Training	16.737	2008-JV-FX-0039	7,158	
Grants to Encourage Arrest Policies & Enforce of Protection Orders	16.590	019106001BL230	60,869	
Crime Victim Assistance	16.575	019-1-07-001-BH-761	72,957	
<b>Direct Program:</b>				
Supervised Visitation, Safe Havens for Children	16.527	2004-CS-AX-0012	21,365	
Grants to Encourage Arrest Policies & Enforce of Protection Orders	16.590	2005-WE-AX-0023	169,408	
ARRA-Edward Byrne Memorial Justice Assistance Grant Program	16.804		27,173	
Bulletproof Vest Partnership Program	16.607		5,430	
Byrne Justice Assistance Grant Program	16.738		10,474	
State Criminal Alien Assistance Program	16.606	2007-F6965-NC-AP	16,461	
<b>Total U.S. Dept. of Justice</b>			<b>391,295</b>	<b>-</b>
<b><u>Federal Highway Traffic Safety Administration</u></b>				
<b>Passed-through the N.C. Department of Transportation:</b>				
State and Community Highway Safety	20.600	PT-08-03-04-70	7,058	
<b><u>Federal Transit Administration</u></b>				
<b>Passed-through the N.C. Department of Transportation:</b>				
ARRA-Formula Grants for Other Than Urbanized Areas	20.509		42,426	
<b><u>Federal Highway Administration</u></b>				
<b>Passed-through the N.C. Department of Transportation:</b>				
ARRA-Highway Planning & Construction	20.205		167,825	
<b>Total U.S. Dept. of Transportation</b>			<b>217,309</b>	<b>-</b>
<b><u>U. S. Department of Homeland Security</u></b>				
<b>Passed-through N.C. Dept. of Crime Control and Public Safety:</b>				
<b>Division of Emergency Management</b>				
Emergency Management Performance Grants	97.042		37,497	-
<b>Total U. S. Department of Homeland Security</b>			<b>37,497</b>	<b>-</b>

CHATHAM COUNTY, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
<b><u>U.S. Institute of Museum and Library Services</u></b>				
Office of Library Services				
Passed-through the NC Dept. of Cultural Resources				
Grants to States	45.310		13,013	
<b>Total U.S. Institute of Museum and Library Services</b>			<b>13,013</b>	-
<b><u>Administration on Aging</u></b>				
<b><u>Division of Aging and Adult Services</u></b>				
Passed through Triangle J Council of Governments:				
<b><u>Aging Cluster:</u></b>				
Special Programs for the Aging - Title III D				
Disease Prevention and Health Promotion Services	93.043		3,396	200
Special Programs for the Aging - Title III B				
Grants for Supportive Services and Senior Centers				
Access Services	93.044		34,161	2,009
In-Home Services	93.044		80,383	4,728
Special Programs for the Aging				
Title III C - Nutrition Services				
Congregate Nutrition	93.045		30,068	1,769
Home Delivered Meals	93.045		27,443	1,614
ARRA Aging Home-Delivered Nutrition Services for States	93.705		3,853	227
ARRA Aging Home-Congregate Nutrition Services for States	93.707		10,444	614
<b>Total Aging Cluster</b>			<b>189,748</b>	<b>11,161</b>
National Family Caregiver Support	93.052		34,992	2,333
Social Service Block Grant (SSBG) - In Home Services	93.667		27,875	796
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>				
<b>Division of Social Services:</b>				
<b><u>Foster Care and Adoption Cluster (Note 4)</u></b>				
<b>Administration:</b>				
Title IV-E Foster Care	93.658		697,684	30,239
Adoption Assistance	93.659		6,874	
<b>Direct Benefit Payments:</b>				
Foster Care	93.658		122,398	23,948
Adoption Assistance	93.659		371,562	75,233
<b>Total Foster Care and Adoption Cluster (Note 4)</b>			<b>1,198,518</b>	<b>129,420</b>
Promoting Safe and Stable Families	93.556		3,462	
Temporary Assistance for Needy Families (TANF):				
TANF Domestic Violence	93.558		20,582	
Work Functional Assessment	93.558		1,800	
Work First Administration	93.558		53,401	
Work First Service	93.558		238,818	
N.C. Child Support Enforcement Section:				
IV-D Administration	93.563		372,477	
ARRA-CSE Incentive Recovery	93.563		33,088	
IV-D Offset Fees - ESC	93.563		166	(7)
IV-D Offset Fees - Federal	93.563		1,455	
Low Income Home Energy Assistance:				
Crisis Intervention Program	93.568		186,016	
Low Income Energy Administration	93.568		34,686	
Child Welfare Services - State Grants:				
Permanency Planning - Regular	93.645		13,948	4,780
Permanency Planning - Special	93.645		3,854	1
Social Services Block Grant:				
In-Home Services over 60	93.667		13,162	
Other Services and Training	93.667		150,347	9,816
Independent Living Grant:				
Links	93.674		16,251	4,063

**CHATHAM COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
State Children's Insurance Program				
N.C. Health Choice	93.767		22,313	2,319
Medical Assistance Program				
Adt Cr Hm Cs Mgt/Spec	93.778		14,641	9,039
Medical Assistance Expansion	93.778		8,152	8,152
Medical Assistance Administration	93.778		606,541	
Medical Transportation Administration	93.778		143	
Medical Transportation Service	93.778		20,868	7,201
<b>Direct Benefit Payments</b>				
Temporary Assistance for Needy Families				
Special Children Adoption	93.558		66,000	
TANF Payments and Penalties	93.558		289,931	
Work First Demonstration Benefits	93.558		6,809	
Family Support Payments to States				
AFDC Payments and Penalties	93.560		(867)	(238)
Low-Income Home Energy Assistance				
Block Grant	93.568		209,746	
Independent Living Grant				
Links Transitional Funds	93.674		45,105	
<b>Division of Child Development:</b>				
<b>Subsidized Child Care (Note 4)</b>				
<b>Child Care Development Fund Cluster:</b> <sup>4,5</sup>				
Division of Social Services:				
Child Care Development Fund-Administration	93.596		115,803	
Division of Child Development:				
Child Care and Development -- Discretionary	93.575		882,475	
Child Care and Development Fund -- Mandatory	93.596		269,846	
Child Care and Development Fund -- Match	93.596		298,579	160,729
Total Child Care Development Fund Cluster			<u>1,566,703</u>	<u>160,729</u>
Social Services Block Grant	93.667		53,044	
TANF	93.558		277,112	
State Funds				
Smart Start				111,907
State Appropriations				426,969
TANF-MOE				303,102
<b>Total Subsidized Child Care (Note 4)</b>			<u><b>1,896,859</b></u>	<u><b>1,002,707</b></u>
<b>Centers for Medicare and Medicaid Services</b>				
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>				
<b>Division of Medical Assistance:</b>				
<b>Direct Benefit Payments:</b>				
Medical Assistance Program	93.778		35,334,890	12,334,154
<b>Centers for Disease Control</b>				
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>				
<b>Division of Public Health:</b>				
Family Planning Services	93.218		39,756	
Immunization Program/Aid to County Funding	93.268		20,635	
Prevention Investigations and Technical Assistance	93.283		152,330	
Temporary Assistance for Needy Families	93.558		4,493	
Social Service Block Grant	93.667		9,916	
ARRA-Immunizations	93.712		20,774	
Statewide Health Promotion Program	93.991		22,006	
Maternal and Child Health Services Block Grant	93.994		98,349	
<b>Total U.S. Dept. of Health and Human Services</b>			<u><b>41,484,036</b></u>	<u><b>13,525,697</b></u>
<b>Total Federal Awards</b>			<u><b>43,868,230</b></u>	<u><b>13,525,697</b></u>

CHATHAM COUNTY, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2010

Grantor/Pass-through Grantor/Program Title State Awards:	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures
<b><u>N.C. Dept. of Cultural Resources</u></b>				
<b>Division of State Library</b>				
State Aid to Public Libraries				107,160
<b>Total N.C. Dept. of Cultural Resources</b>			-	<b>107,160</b>
<b><u>N.C. Department of Environment and Natural Resources</u></b>				
White Goods Management Program				38,469
Scrap Tire Grant				4,311
Off Waste Trust Fund				10,000
Environmental Health Services				5,500
Food & Lodging Grant				8,381
Childhood Lead Poisoning				
Agricultural Cost Share-Technical Assistance				23,845
Education Grant				4,000
Parks & Recreation Trust Fund				56,665
Clean Water Management Trust Fund				901,270
<b>Total N.C. Dept. of Environmental and Natural Resources</b>			-	<b>1,052,441</b>
<b><u>N.C. Department of Health and Human Services</u></b>				
<b>Division of Social Services:</b>				
<b>Administration and Services</b>				
AFDC-Program Integrity				140
Child Protective Services				366,954
Energy Assistance Private Grants				17,796
TANF Incentive / Program Integrity				2,455
<b>Direct Benefit Payments:</b>				
State/County Special Assistance for Adults				
Domiciliary Care Payments				491,904
State Foster Home				100,174
State Foster Home Maximization				67,823
CWS Adoption Subsidy & Vendor				196,708
F/C At Risk Maximization				10,950
<b>Total Division of Social Services</b>			-	<b>1,254,904</b>
<b>Division of Public Health</b>				
General				133,677
Minority Health				71,998
Communicable Disease				1,610
Tuberculosis				9,148
AIDS				500
Maternal Care Coordinator				35,160
Women's Preventative Health				8,177
Adolescent Parenting				56,236
Risk Reduction/Health Promotion				9,062
TB Medical Services				540
Breast and Cervical Cancer Control				5,885
LHD Smokefree Law				1,110
Preparedness and Response				43,625
<b>Total Division of Public Health</b>			-	<b>376,728</b>
<b>Total N. C. Department of Health and Human Services</b>			-	<b>1,631,632</b>
<b><u>N.C. Dept. of Public Instruction</u></b>				
Public School Building Capital Fund-Lottery Proceeds				1,768,953
<b>Total N.C. Dept. of Public Instruction</b>			-	<b>1,768,953</b>

CHATHAM COUNTY, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
<b><u>N.C. Dept. of Transportation</u></b>				
Rural Operating Assistance Program (ROAP)				
ROAP-Elderly and Disabled Transportation Assistance Program				81,078
ROAP Rural General Public Program				96,362
ROAP Work First Transitional - Employment Transportation Assistance Program				17,067
<b>Total ROAP</b>			<u>-</u>	<u>194,507</u>
<b><u>Passed through Triangle J Council of Governments</u></b>				
In-Home Services for Frail Older Individuals				192,922
Access for Grants for Supportive Services and Senior Centers				50,992
Home Delivered Meals				12,797
Senior Center Development				8,436
<b>Total Passed through Triangle J Council</b>			<u>-</u>	<u>265,147</u>
<b>Total State awards</b>			<u>-</u>	<u>5,019,840</u>
<b>Total Federal and State awards</b>			<u>43,868,230</u>	<u>18,545,537</u>

**CHATHAM COUNTY, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

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

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and State grant activity of the County of Chatham and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the county's basic financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

Note 2 - Loans Outstanding

The County of Chatham had the following loan balances outstanding at June 30, 2008. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>State / Pass-through</u>	<u>Amount</u>
NC Drinking Water Bond Program:		
Revolving Loan Program	H-LRX-A-87-0727	106,998
Revolving Fund Program	H-SRF-D-97-0410C	177,823
Revolving Fund Program	H-LRX-R-DW-0960A	6,229,235

Note 3 - Major Programs

Cluster programs are considered as one program for determining major programs in accordance with OMB Circular A-133. Also, the federal portion of cluster programs is included when identifying major programs for calculating the percentage of coverage of awards expended.

Note 4 - State Clustered Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption, Mental Health Services, Developmental Disability Waiting List Services, and Substance Abuse Services.

Note 5 - Federal and State Awards Which Have Passed Through to Subrecipients

<u>Subrecipient/Program Title</u>	<u>CFDA</u>	<u>State/Pass-Through</u>	<u>Federal</u>	<u>State</u>
<b>Chatham County Together</b>				
Juvenile Crime Prevention Program				57,729
<b>Chatham County Transit Network</b>				
Elderly and Disabled Trans Assist Prog		36220.6.1.1		81,078
Rural General Public Program - Discretionary		36228.15.1.1		
Rural General Public Program		36228.16.1.1		96,362
Work First / Employment Transportation				
Operating Assistance		36236.2.1.1		17,067

**CHATHAM COUNTY, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Chatham Family Resource Center**

State Domestic Preparedness Support			
Homeland Security Grant	97.067	MOA#1164	2,497
Homeland Security Grant	97.067	MOA#1215	5,760
Homeland Security Grant	97.067	MOA#1216	2,245
Homeland Security Grant	97.067	MOA#1225	1,861

**Deep River Mediation**

Juvenile Crime Prevention Program			82,462
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**Hillcrest Youth Shelter**

Juvenile Crime Prevention Program			12,250
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**Hispanic Liaison**

Gang Prevention Grant	16.738	019107001BH761	952
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**Orange County**

Juvenile Crime Prevention Program			19,370
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**Orange-Person-Chatham Mental Health**

Juvenile Crime Prevention Program			4,102
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**Total Passed Through to Subrecipients**

\$	-	\$	383,735
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