DAVIDSON COUNTY
NORTH CAROLINA

COMPLIANCE LETTERS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

DAVIDSON COUNTY, NORTH CAROLINA

COMPLIANCE LETTERS
FOR THE YEAR ENDED JUNE 30, 2018

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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*

Independent Auditor's Report

To the Board of Commissioners
Davidson County
Lexington, 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 Davidson County, North Carolina, as of and for the year ended June 30, 2018, not presented here, and the related notes to the financial statements, which collectively comprise Davidson County's basic financial statements, and have issued our report thereon dated November 28, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Davidson 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, 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*.

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 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 28, 2018

MARTIN ❖ STARNES
& ASSOCIATES, CPAs, P.A.
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Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; Report on the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Davidson County
Lexington, North Carolina

Report On Compliance for Each Major Federal Program

We have audited Davidson County, North Carolina's compliance with the types of compliance requirements described in the *OMB 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 Davidson County's major federal programs for the year ended June 30, 2018. Davidson County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Davidson 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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 Davidson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of Davidson County's compliance.

Basis for Qualified Opinion on CFDA# 93.778 Medicaid Cluster

As described in the accompanying Schedule of Findings, Responses, and Questioned Costs, Davidson County did not comply with eligibility requirements regarding CFDA# 93.778 Medicaid Cluster as described in finding number 2018-001. Compliance with such requirements is necessary, in our opinion, for Davidson County to comply with the requirements applicable to that program.

Qualified Opinion on CFDA# 93.778 Medicaid Cluster

In our opinion, except for the non-compliance described in the Basis for Qualified Opinion paragraph, Davidson County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medicaid Cluster for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Davidson 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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs for the year ended June 30, 2018.

Other Matters

Davidson County's response to the non-compliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Davidson 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 Davidson 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 of compliance, we considered Davidson County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Davidson County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and; therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2018-001 and 2018-002 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2018-003, and 2018-004 to be significant deficiencies.

Davidson County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Davidson County's responses were not subjected to the auditing procedures applied in the audit of compliance and; accordingly, we express no opinion on the responses.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance 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 Davidson County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Davidson County's basic financial statements. We issued our report thereon dated November 28, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Davidson 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 Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain 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 in our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 28, 2018

MARTIN ♦ STARNES
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Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; Report on the Schedule of Expenditures of Federal and State Awards Required by OMB Circular the Uniform Guidance And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Davidson County
Lexington, North Carolina

Report On Compliance for Each Major State Program

We have audited the compliance of Davidson County, North Carolina, 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 Davidson County's major state programs for the year ended June 30, 2018. Davidson County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its State awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Davidson 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; and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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 Davidson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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 of Davidson County's compliance.

Basis for Qualified Opinion on the Medicaid Cluster

As described in the accompanying Schedule of Findings, Responses, and Questioned Costs, Davidson County did not comply with eligibility requirements regarding the Medicaid Cluster as described in finding number 2018-001. Compliance with such requirements is necessary, in our opinion, for Davidson County to comply with the requirements applicable to that program.

Qualified Opinion on the Medicaid Cluster

In our opinion, except for the non-compliance described in the Basis for Qualified Opinion paragraph, Davidson County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medicaid Cluster for the year ended June 30, 2018.

Unmodified Opinion on Each of the Other Major State Programs

In our opinion, Davidson 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 other major state programs identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs for the year ended June 30, 2018.

Other Matters

Davidson County's response to the non-compliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Davidson 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 Davidson 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 of compliance, we considered Davidson County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program in order to determine our 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 the Uniform Guidance, 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 Davidson 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 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. A *significant deficiency in internal control over compliance* is a deficiency, or a 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2018-001, that we consider to be a material weakness.

Davidson County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Davidson 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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance 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 Davidson County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Davidson County's basic financial statements. We issued our report thereon dated November 28, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Davidson County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain 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 financial statements taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 28, 2018

DAVIDSON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None reported
Non-compliance material to financial statements noted	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	Yes
• Significant deficiency(s) identified?	Yes
Type of auditor's report issued on compliance for major federal programs	Unmodified for all major federal programs except for the Medicaid Cluster, which is qualified.
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	Yes

Identification of major federal programs:

Federal Program	CFDA Number
Medicaid Cluster	93.778
Supplemental Nutrition Assistance Program Cluster	10.561
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228
Workforce Innovation and Opportunity Act Cluster	17.258, 17.259, 17.278
TANF Cluster	93.558
Child Support Enforcement	93.563
Low-Income Home Energy Assistance Program	93.568
Foster Care Title IV-E	93.658
Adoption Assistance	93.659

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Auditor's Results (continued)

Dollar threshold used to distinguish between Type A and Type B Programs	$750,000
Auditee qualified as low-risk auditee?	No

State Awards

Internal control over major state programs:

• Material weakness(es) identified?	Yes
• Significant deficiency(s) identified?	None reported
Type of auditor's report issued on compliance for major state programs	Unmodified for all major state programs except for the Medicaid Cluster, which is qualified.
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	Yes

Identification of major state programs:

Medicaid Cluster
Foster Care and Adoption Cluster
Industrial Development Fund
Public School Building Capital Fund

2. Financial Statement Findings

None reported

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

3. Federal Award Findings, Responses, and Questioned Costs

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: Medicaid Cluster
CFDA # 93.778
Grant Number: 14445-1310

Finding 2018-001

Material Weakness, Material Non-Compliance
Eligibility

Criteria: In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific eligibility standards, and documentation must be maintained to support those determinations. In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that active cases are eligible for benefits and that closed casefiles are terminated or redetermined timely, and to properly review and assess the eligibility of individuals to ensure the accuracy of benefits being provided is within program requirements. Management must monitor activities under federal awards to assure compliance with federal requirements.

Condition: Two participants had a change in SSI benefits but continued to receive Medicaid benefits while terminated from SSI benefits. The cases were not redetermined in a timely manner so the participant continued to receive Medicaid benefits under SSI. The casefiles do not have documentation of eligibility for the dates of services tested. Upon further review, one participant was determined to be eligible to receive Medicaid benefits through eligibility in another program category. The other case has yet to have a review performed by the county.

Twelve participants did not have a property check performed for the cert period covering our date of service tested. Documentation of participant's resource was incomplete. Upon further review, ten participants were eligible to receive Medicaid benefits. Two participants were not eligible.

One participant did not have an AVS run timely to verify liquid resources. At time of testing we were able to run an AVS and verify eligibility.

One participant's AVS showed a bank account not claimed by the participant that was not considered when calculating eligibility. After further review participant was still eligible.

Context: Of the 725,767 benefit payments valued at $137,569,837, we examined 96 valued at $11,787 and determined that the above conditions applied to fifteen participants (15%). These applicants did not have evidence of eligibility documentation in their casefiles for the period tested and the participants continued to receive Medicaid benefits. Twelve participants (12%) valued at $1,251 were found to be eligible to receive Medicaid benefits upon redetermination at a later date, while three participants (3%) valued at $61 were ineligible.

3. Federal Award Findings, Responses, and Questioned Costs (continued)

Effect: Participants could receive benefits for which they are not eligible.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2017-002, 2017-003.

Cause: Caseworkers did not have proper documentation of the eligibility in the casefile for the dates of services tested.

Questioned Costs: In accordance with 2 CFR 200 auditors are required to report known questioned costs when likely questioned costs are greater than $25,000. Even though the sample results identified only $61 (federal share $40 and State share $21) in questioned costs, if tests were extended to the entire population, questioned costs could exceed $25,000.

Recommendation: Caseworkers should review their eligibility determinations and ensure required information is documented correctly and retained.

View of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan submitted with this report.

3. Federal Award Findings, Responses, and Questioned Costs (continued)

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: TANF Cluster
CFDA# 93.558
Grant Number: G1702NCTANF

Finding 2018-002

Material Weakness

Criteria: In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that active cases are eligible for benefits and that closed casefiles are terminated or redetermined timely, and to properly review and assess the eligibility of individuals to ensure the accuracy of benefits being provided is within program requirements. Management must monitor activities under federal awards to assure compliance with federal requirements.

Condition: Five participants did not have the income eligibility and verification (IEVS) in the casefile. Upon further review, all five participants were determined to be eligible.

Context: Of the 439 TANF participants, we examined 60. We determined the above condition applied to five participants (8%). These applicants' files lacked information available for eligibility determination. The applicants received benefits during the fiscal year without documentation of the IEVS.

Effect: Participants could receive benefits for which they are not eligible.

Cause: The caseworker failed to perform the IEVS for the applicant and, therefore did not obtain sufficient documentation to determine eligibility.

Questioned Costs: None. The County was able to substantiate that the applicants were eligible to receive benefits.

Recommendation: Caseworkers should perform the IEVS on a timely basis.

View of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan submitted with this report.

3. Federal Award Findings, Responses, and Questioned Costs (continued)

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: Supplemental Nutrition Assistance Program Cluster
CFDA# 10.561
Grant Number: 14440-1110

Finding 2018-003

Significant Deficiency

Criteria: In accordance with 2 CFR 200, management must have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Management must monitor activities under federal awards to assure compliance with federal requirements.

In accordance with 7 CFR section 275.2(b), a quality control unit must be established that is independent of program operations. The Enterprise Program Integrity Control System (EPICS) tracks claims for overpayments for all counties. The State of North Carolina requires counties to maintain adequate case documentation to substantiate claim entry into EPICS. This information includes, but is not limited to the dates of the overpayment period, documentary evidence to substantiate that an overpayment occurred, such as wage stubs or verification from an employer, other income verification and household composition verification, and the budgets used to compute the amount of the overpayment.

Condition: One casefile did not have a completed application in the casefile. Upon further review, the participant was determined to be eligible.

Three EPICS cases did not have required forms signed and in the casefile. Upon further review, the claim was valid.

Context: Of the 18,650 SNAP participants, we examined 40. We determined the above condition applied to one participant (2%). The applicant's file lacked information available for eligibility determination. The applicant received benefits during the fiscal year without documentation of the completed application.

We examined 61 EPICS cases for the program cluster. We determined the above condition applied to three EPICS cases (5%).

Effect: Participants could receive benefits for which they are not eligible. EPICS casefiles could have incorrect information without proper review and approval noted by the supervisor signature.

3. Federal Award Findings, Responses, and Questioned Costs (continued)

Cause: The caseworker failed to retain a completed application in the casefile and, therefore did not obtain sufficient documentation to determine eligibility.

The caseworker failed to obtain all required signatures for specific forms in the EPICS case.

Questioned Costs: None. The County was able to substantiate that the applicants were eligible to receive benefits.

The County was able to support the information reported in the EPICS case.

Recommendation: Caseworkers should retain completed applications in the casefile.

Caseworkers should obtain all required signatures on the forms and documentation for the EPICS cases.

View of Responsible Officials and Planned Corrective Action: Management concurs with the finding. Please refer to the Corrective Action Plan.

3. Federal Award Findings, Responses, and Questioned Costs (continued)

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: Low-Income Home Energy Assistance (LIHEAP)
CFDA# 93.568
Grant Number: G17B1NCLIEA

Finding 2018-004

<u>Significant Deficiency</u>

Criteria: Per 42 USC 8624 documentation must be obtained as needed to determine if a recipient meets specific eligibility requirements. In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure that cases are eligible for benefits. Management must monitor activities under federal awards to assure compliance with federal requirements.

Condition: One participant did not have documentation of the completed online verification (OLV). Upon further review, the participant was determined to be eligible.

Context: Of the 3,144 LIHEAP participants, we examined 60. We determined the above condition applied to one participant (2%). The applicant's file lacked information available for eligibility determination. The applicant received benefits during the fiscal year without documentation of the OLV.

Effect: Participants could receive benefits for which they are not eligible.

Cause: The caseworker failed to perform the OLV for the applicant and, therefore did not obtain sufficient documentation to determine eligibility.

Questioned Costs: None. The County was able to substantiate that the applicant was eligible to receive benefits.

Recommendation: Caseworkers should perform the OLV on a timely basis.

View of Responsible Officials and Planned Corrective Actions: See Corrective Action Plan submitted with this report.

4. State Award Findings, Responses, and Questioned Costs

NC Dept. of Health and Human Services
Program Name: Medicaid Cluster

Finding 2018-001 - See more details at Finding 2018-001 in Section 3 – Federal Award Findings, Responses, and Questioned Costs.

DAVIDSON COUNTY
DEPARTMENT OF SOCIAL SERVICES
Dale Moorefield, Director

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FAX: 336-472-6635

Lexington Child Support Office
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336-242-2242
FAX: 336-242-1236

Thomasville Child Support Office
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Thomasville, North Carolina 27360
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336-474-2609
FAX: 336-474-2620

CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding: **2018-001**

Name of Contact Person: Elizabeth Huff, IM Program Administrator

Corrective Action/Management's Response:

Additional training will be covered during unit meetings and/or additional training set up by the agency Income Maintenance Trainer. Refresher training will cover all errors cited in 2018-001 including but not limited to AVS, property record checks, SSI terminations, and documentation.

Proposed Completion Date: January 31, 2019

Finding: **2018-002**

Name of Contact Person: Elizabeth Huff, IM Program Administrator

Corrective Action/Management's Response:

Additional training will be given to all Work First/TANF staff on the completion and IEVS for all cases and well as documentation if no results are returned. Training will be completed in unit meetings and/or by the agency Income Maintenance Trainer.

Proposed Completion Date: January 31, 2019

Finding: **2018-003**

Name of Contact Person: Elizabeth Huff, IM Program Administrator

Corrective Action/Management's Response:

Refresher training will be provided to all Income Maintenance eligibility workers as well as the Program Integrity staff. Training will include but not limited to documentation, signatures, verifications, and completed applications.

Proposed Completion Date: January 31, 2019

CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Finding: **2018-004**

Name of Contact Person: Elizabeth Huff, IM Program Administrator

Corrective Action/Management's Response:

Additional training will be provided in unit meetings and/or by the agency Income Maintenance Trainer on the requirement to run OLV or OVS on all cases to determine eligibility. In addition to additional training on running matches, documentation will be covered.

Proposed Completion Date: January 31, 2019

DAVIDSON COUNTY, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

Significant Deficiency

Finding 2017-001

Status: Corrected

Material Weakness

Finding 2017-002

Status: Modified and repeated as finding 2018-001

Material Weakness

Finding 2017-003

Status: Modified and repeated as finding 2018-001

Material Weakness

Finding 2017-004

Status: Corrected

Material Weakness

Finding 2017-005

Status: Corrected

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed -Through To Subrecipients
FEDERAL AWARDS:					
U.S. DEPT. OF TRANSPORTATION					
FEDERAL HIGHWAY ADMINISTRATION					
PASSED THROUGH N.C. DEPT. OF TRANSPORTATION:					
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
HIGHWAY PLANNING AND CONSTRUCTION	20.205	34156.3.GV2	$ 18,051	$ -	$ -
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER			18,051	-	-
FEDERAL TRANSIT ADMINISTRATION					
PASSED THROUGH N.C. DEPT. OF TRANSPORTATION:					
FEDERAL TRANSIT CLUSTER					
FEDERAL TRANSIT FORMULA GRANTS	20.507	36231.24.2.2	52,850	-	-
FEDERAL TRANSIT FORMULA GRANTS	20.507	36231.24.3.2	68,411	-	-
BUS AND BUS FACILITIES FORMULA PROGRAM	20.526	44637.18.1.3	51,492	6,436	-
BUS AND BUS FACILITIES FORMULA PROGRAM	20.526	44637.18.1.4	51,635	6,454	-
TOTAL FEDERAL TRANSIT CLUSTER			224,388	12,890	-
PASSED THROUGH N.C. DEPT. OF TRANSPORTATION:					
FORMULA GRANTS FOR RURAL AREAS	20.509	36233.34.19.1	102,091	86,593	-
TRANSIT SERVICES PROGRAMS CLUSTER					
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	20.513	51001.58.4.3	91,712	11,464	-
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	20.513	51001.58.5.2	99,607	-	-
TOTAL TRANSIT SERVICES PROGRAMS CLUSTER			191,319	11,464	-
TOTAL U.S DEPT. OF TRANSPORTATION			535,849	110,947	-
U.S. DEPT. OF AGRICULTURE					
FOOD AND NUTRITION SERVICE					
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES DIVISION OF SOCIAL SERVICES:					
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER					
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM - ADMIN	10.561	14440-1110	1,045,941	-	-
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM - FRAUD ADMINISTRATION	10.561	14440-1110	32,186	-	-
TOTAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER			1,078,127	-	-
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES: DIVISION OF PUBLIC HEALTH:					
WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN	10.557	13A250	686,969	-	-
TOTAL U.S DEPT. OF AGRICULTURE			1,765,096	-	-
U.S. DEPT. OF HOUSING AND URBAN DEVLOPMENT					
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT					
PASSED THROUGH N.C. DEPT. OF COMMERCE:					
RURAL ECONOMIC DEVELOPMENT DIVISION:					
COMMUNITY DEVEOLPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII - EGGER WOOD PRODUCTS NATURAL GAS PROJECT	14.228	16-E-2933	1,207,504	-	-
COMMUNITY DEVEOLPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII - EGGER WOOD PRODUCTS PROJECT LOAN	14.228	13-S-2628	1,829,083	-	-
COMMUNITY DEVEOLPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII - THOMSON PLASTICS	14.228	13-E-2646	110,854	-	-
TOTAL U.S DEPT. OF HOUSING AND URBAN DEVLOPMENT			3,147,441	-	-
U.S. DEPT. OF HOMELAND SECURITY					
PASSED THROUGH N.C DEPT OF PUBLIC SAFETY:					
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042	EMA-2017-EP-0002-S01	53,017	-	-
TOTAL U.S. DEPT. OF HOMELAND SECURITY			53,017	-	-

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed -Through To Subrecipients
FEDERAL AWARDS (CONTINUED):					
U. S. DEPT. OF LABOR					
EMPLOYMENT AND TRAINING ADMINISTRATION					
PASSED THROUGH N.C. DEPT. OF COMMERCE:					
DIVISION OF EMPLOYMENT AND TRAINING:					
WORKFORCE INNOVATION AND OPPORTUNITY ACT CLUSTER:					
WIOA ADULT PROGRAM	17.258	17-2020	$ 335,076	$ -	$ -
WIOA ADULT PROGRAM	17.258	16-2020	8,034	-	-
WIOA YOUTH ACTIVITIES	17.259	17-2040	334,311	-	-
WIOA YOUTH ACTIVITIES	17.259	16-2040	16,420	-	-
WIOA ADULT PROGRAM	17.258	17-2010	38,926	-	-
WIOA YOUTH ACTIVITIES	17.259	17-2010	35,834	-	-
WIOA ADULT PROGRAM	17.258	16-2010	2,923	-	-
WIOA YOUTH ACTIVITIES	17.259	16-2010	2,824	-	-
WIOA YOUTH ACTIVITIES	17.259	16-2050	2,603	-	-
WIOA DISLOCATED WORKERS FORMULA GRANTS	17.278	17-2030	186,979	-	-
WIOA DISLOCATED WORKERS FORMULA GRANTS	17.278	16-2030	8,155	-	-
WIOA DISLOCATED WORKERS FORMULA GRANTS	17.278	17-2010	24,093	-	-
WIOA DISLOCATED WORKERS FORMULA GRANTS	17.278	16-2010	2,665	-	-
TOTAL WORKFORCE INNOVATION AND OPPORTUNITY ACT CLUSTER			998,843	-	-
WIOA DISLOCATED WORKERS	17.260	17-2050	23,634	-	-
TOTAL U.S. DEPT. OF LABOR			1,022,477	-	-
U. S. DEPT. OF HEALTH AND HUMAN SERVICES					
ADMINISTRATION FOR CHILDREN AND FAMILIES					
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES:					
DIVISION OF SOCIAL SERVICES:					
TANF CLUSTER:					
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES- ADMINISTRATION	93.558	G1702NCTANF	1,083,226	-	-
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	13A1515	20,735	-	-
TOTAL TANF CLUSTER			1,103,961	-	-
SPECIAL CHILDREN ADOPTION FUND CLUSTER (NOTE 3):					
PROMOTING SAFE AND STABLE FAMILIES	93.556	G1611NCFPCV	28,345	-	-
SPECIAL CHILDREN ADOPTION		G1611NCFPCV	-	38,400	-
TOTAL SPECIAL CHILDREN ADOPTION FUND CLUSTER (NOTE 3)			28,345	38,400	-
CHILD SUPPORT ENFORCEMENT - IV-D ADMINISTRATION	93.563	14440-1180	970,021	-	-
LOW-INCOME HOME ENERGY ASSISTANCE- ADMINISTRATION	93.568	G76B1NCLIEA	93,236	-	-
LOW-INCOME HOME ENERGY ASSISTANCE- HOME ENERGY ASSISTANCE ADMIN	93.568	G17B1NCLIEA	545,582	-	-
LOW-INCOME HOME ENERGY ASSISTANCE- CRISIS INTERVENTION PAYMENTS	93.568	G17B1NCLIEA	241,896	-	-
STEPHANIE TUBBS JONES CHILD WELFARE SERVICES PROGRAM - PERM PLANNING	93.645	G1701NCCWSS	32,914	-	-
FOSTER CARE AND ADOPTION CLUSTER (NOTE 3):					
FOSTER CARE TITLE IV-E- CPS	93.658	1701NCFOST	111,680	442,547	-
FOSTER CARE TITLE IV-E- ADMIN	93.658	1701NCFOST	740,452	295,333	-
ADOPTION ASSISTANCE- IV-E OPTIONAL TRAINING	93.659	1701NCFOST	16,937	-	-
ADOPTION ASSISTANCE- IV-E VENDOR PAYMENTS	93.659	1701NCFOST	15,730	4,795	-
ADOPTION ASSISTANCE- IV-B VENDOR PAYMENTS	93.659	1701NCFOST	-	10,768	-
TOTAL FOSTER CARE AND ADOPTION CLUSTER (NOTE 3)			884,799	753,443	-
SOCIAL SERVICES BLOCK GRANT- OTHER SVCS & TRNG	93.667	G1701NCSOSR	470,873	-	-
SOCIAL SERVICES BLOCK GRANT- IN HOME SERVICES	93.667	G1701NCSOSR	62,268	-	-
SOCIAL SERVICES BLOCK GRANT- ADULT DAY CARE	93.667	G1701NCSOSR	57,270	52,150	-
CHAFEE FOSTER CARE INDEPENDENCE PROGRAM - ADMIN	93.674	G1701NCCILP	28,780	7,195	-
CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	93.674	G1701NCCILP	33,543	-	-

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed -Through To Subrecipients
FEDERAL AWARDS (CONTINUED):					
U. S. DEPT. OF HEALTH AND HUMAN SERVICES (CONTINUED)					
ADMINISTRATION FOR CHILDREN AND FAMILIES (CONTINUED)					
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES (CONTINUED):					
SUBSIDIZED CHILD CARE (NOTE 3):					
CHILD CARE DEVELOPMENT FUND CLUSTER:					
DIVISION OF SOCIAL SERVICES:					
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND - ADMIN	93.596	G1701NCCCDF	$ 232,664	$ -	$ -
DIVISION OF CHILD DEVELOPMENT:					
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575	G1701NCCCDF	1,089	-	-
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND - MANDATORY	93.596	G1701NCCCDF	143	-	-
TOTAL CHILD CARE DEVELOPMENT FUND CLUSTER			233,896	-	-
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	G1702NCTANF	117	-	-
TOTAL SUBSIDIZED CHILD CARE CLUSTER (NOTE 3)			234,013	-	-
CENTERS FOR DISEASE CONTROL AND PREVENTION					
PASSED THROUGH N.C. DEPT OF HEALTH AND HUMAN SERVICES:					
DIVISION OF PUBLIC HEALTH:					
HOSPITAL PREPAREDNESS PROGRAM (HPP) AND PUBLIC HEALTH EMERGENCY PREPAREDNESS (PHEP) ALIGNED COOPERATIVE AGREEMENTS	93.074	1264268	29,370	-	-
PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAM	93.116	1460272	50	-	-
PPHF CAPACITY BUILDING ASSISTANCE TO STRENGTHEN PUBLIC HEALTH IMMUNIZATION INFRASTRUCTURE AND PERFORMANCE FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS	93.539	1331627	41,386	-	-
ASSISTANCE PROGRAMS FOR CHRONIC DISEASE PREVENTION AND CONTROL	93.945	1332685	65,348	-	-
CANCER PREVENTION AND CONTROL PROGRAMS FOR STATE, TERRITORIAL, AND TRIBAL ORGANIZATIONS	93.898	1320310	31,875	-	-
CANCER PREVENTION AND CONTROL PROGRAMS FOR STATE, TERRITORIAL, AND TRIBAL ORGANIZATIONS FINANCED IN PART BY PREVENTION AND PUBLIC HEALTH FUNDS	93.752	1320310	2,805	-	-
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT FUNDED SOLELY WITH PREVENTION AND PUBLIC HEALTH FUNDS	93.758	1261550	39,984	-	-
HIV CLUSTER (NOTE3)					
SEXUALLY TRANSMITTED DISEASES (STD) PREVENTION AND CONTROL GRANTS	93.977	1311462	692	-	-
TOTAL HIV CLUSTER (NOTE3)			692	-	-
HEALTH RESOURCES AND SERVICE ADMINISTRATION					
PASSED THROUGH N.C. DEPT OF HEALTH AND HUMAN SERVICES:					
DIVISION OF PUBLIC HEALTH:					
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994	1271574	66,838	50,135	-
OFFICE OF POPULATION AFFAIRS					
PASSED THROUGH N.C. DEPT OF HEALTH AND HUMAN SERVICES:					
FAMILY PLANNING SERVICES	93.217	13A1592	52,318	-	-
ADMINISTRATION FOR COMMUNITY LIVING					
PASSED THROUGH PIEDMONT TRIAD REGIONAL COUNCIL:					
AGING CLUSTER:					
SPECIAL PROGRAMS FOR AGING, TITLE III, PART D, GRANTS FOR SUPORTIVE SERVICES AND SENIOR CENTERS	93.044	GO35	89,153	25,151	9,204
SPECIAL PROGRAMS FOR AGING, TITLE III, PART C, NUTRITION SERVICES- CONGREGATE MEALS	93.045	GO35	146,887	8,648	-
SPECIAL PROGRAMS FOR AGING, TITLE III, PART C, NUTRITION SERVICES- HOME DELIVERED MEALS	93.045	GO35	95,697	91,540	-
NUTRITION SERVICES INCENTIVE PROGRAM	93.053	GO35	63,495	-	-
TOTAL AGING CLUSTER			395,232	125,339	9,204

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed -Through To Subrecipients
FEDERAL AWARDS (CONTINUED):					
U. S. DEPT. OF HEALTH AND HUMAN SERVICES (CONTINUED)					
CENTERS OF MEDICARE AND MEDICAID SERVICES					
PASSED THROUGH N.C. DEPT. OF HEALTH AND HUMAN SERVICES:					
DIVISION OF MEDICAL ASSISTANCE:					
MEDICAID CLUSTER:					
ADMINISTRATION:					
MEDICAL ASSISTANCE PROGRAM - ADMIN	93.778	14445-1310	$ 1,999,648	$ -	$ -
MEDICAL ASSISTANCE PROGRAM - ADMIN	93.778	14445-1310	40,252	-	-
MEDICAL ASSISTANCE PROGRAM	93.778	14445-1310	28,811	-	-
MEDICAL ASSISTANCE PROGRAM- TRANSPORTATION ADMIN	93.778	14445-1310	80,559	-	-
MEDICAL ASSISTANCE PROGRAM	93.778	14445-1310	13,985	6,993	-
TOTAL MEDICAID CLUSTER			2,163,255	6,993	-
CHILDREN'S HEALTH INSURANCE PROGRAM- ADMIN	93.767	14446-1101	52,370	14	-
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES			7,729,024	1,033,669	9,204
NATIONAL ENDOWMENT FOR THE HUMANITIES					
PASSED THROUGH N.C. DEPT OF CULTURAL AND NATURAL RESOURCES					
DIVISION OF STATE LIBRARY:					
GRANTS TO STATES	45.310	LS-00-15-0034-15	1,484	-	-
TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES			1,484	-	-
TOTAL FEDERAL AWARDS			14,254,388	1,144,616	9,204
STATE AWARDS:					
N.C. DEPT. OF HEALTH AND HUMAN SERVICES					
DIVISION OF PUBLIC HEALTH:					
OTHER RECEIPTS / STATE SUPPORTED EXPENDITURES					
PUBLIC HEALTH NURSING				$ 400	$ -
GENERAL COMMUNICABLE DISEASE CONTROL				3,806	-
FOOD AND LODGING FEES				23,520	-
GENERAL AID TO COUNTIES				147,535	-
SCHOOL NURSE FUNDING INTIATIVE				400,000	-
TUBERCULOSIS				30,686	-
WOMEN'S HEALTH SERVICE FUND				12,901	-
SPAY/NEUTER PROGRAM				14,517	-
CHILD HEALTH				3,122	-
MATERNAL HEALTH (HMHC)				7,881	-
HIV/STD SSBG AID				29,521	-
GONORRHEA PARTNER SERVICES				590	-
STD DRUGS				386	-
BREAST AND CERVICAL CANCER PROGRAM				17,595	-
HIV/STD STATE				12,500	-
COMMUNITY LIASONS FOR HEALTH				20,819	-
DIVISION OF SOCIAL SERVICES:					
SFHF MAXIMIZATION				67,065	-
STATE FOSTER HOME				69,111	-
ADMIN:					
ENERGY ASSIST PRIVATE GRANT - SHARE THE WARMTH				13,384	-
AFDC INCENT/PROGRAM INTEGRITY				1,261	-
DIVISION OF AGING AND ADULT SERVICES:					
PASSED THROUGH PIEDMONT TRIAD					
REGIONAL COUNCIL:					
IN-HOME SERVICES - STATE FUNDS 90%				475,725	108,806
IN-HOME SERVICES - CAREGIVER MATCH				6,003	1,373
SENIOR CENTER GENERAL PURPOSE				21,878	-
TOTAL N.C. DEPT. OF HEALTH AND HUMAN SERVICES				1,380,206	110,179
N.C. DEPT. OF CULTURAL AND NATURAL RESOURCES					
DIVISION OF STATE LIBRARY:					
AID TO PUBLIC LIBRARIES				190,883	-
N.C. DEPT. OF COMMERCE					
INDUSTRIAL DEVELOPMENT FUND-EGGER WOOD PRODUCTS				1,099,148	-
N.C. DEPT. OF ENVIRONMENTAL QUALITY					
PART F GRANT- WILCOX BRIDGE PROJECT				21,378	-

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
Year Ended June 30, 2018

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Passed -Through To Subrecipients
STATE AWARDS (CONTINUED):					
N.C. DEPT. OF ENVIRONMENTAL QUALITY					
TECHNICAL ASSISTANCE				26,550	-
WILCOX BRIDGE GRANT				50,000	-
				76,550	-
N.C. DEPT. OF MILITARY AND VETERAN AFFAIRS					
COMMUNITY GRANT PROGRAM				2,175	-
N.C. DEPT. OF TRANSPORTATION					
PUBLIC TRANSPORTATION DIVISION:					
DOT CLUSTER:					
ROAP ELDERLY AND DISABLED TRANSPORTATION ASSISTANCE PROGRAM				115,191	-
ROAP RURAL GENERAL PUBLIC PROGRAM				106,174	-
ROAP WORKFIRST TRANSITIONAL/EMPLOYMENT TRANSPORTATION ASSISTANCE PROGRAM				37,603	-
TOTAL DOT CLUSTER				258,968	-
TOTAL N.C. DEPT. OF TRANSPORTATION				258,968	-
N.C. DEPT. OF PUBLIC INSTRUCTION					
PUBLIC SCHOOL BUILDING CAPITAL FUND- LOTTERY FUND				1,649,460	-
N.C. OFFICE OF JUVENILE JUSTICE					
JUVENILE JUSTICE AND DELINQUENCY PREVENTION				476,401	460,901
TOTAL STATE AWARDS				5,155,169	571,080
TOTAL FEDERAL AND STATE AWARDS			$ 14,254,388	$ 6,299,785	$ 580,284

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of Davidson County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Davidson County, it is not intended to and does not present the finanicial postion, changes in net position or cash flows of Davidson County.

2. Summary of Signficant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Davidson County has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

3. 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, Special Children Adoption Fund, and HIV.

4. Loans Outstanding

Davidson County had the following loan balances outstanding at June 30, 2018 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements . Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2018 consist of:

Program Title	CFDA Number	Pass-through Grantor's Number	Amount Outstanding
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.218	13-S-2628	$ 7,000,000