DAVIDSON COUNTY
NORTH CAROLINA

COMPLIANCE LETTERS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

DAVIDSON COUNTY, NORTH CAROLINA

COMPLIANCE LETTERS
FOR THE YEAR ENDED JUNE 30, 2025

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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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of and for the year ended June 30, 2025, 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 January 26, 2026. Our report includes a reference to other auditors who audited the financial statements of the Davidson County ABC Board, as described in our report on Davidson County's financial statements. The financial statements of the Davidson County ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Davidson County ABC Board or that are reported on separately by those auditors who audited the financial statements of the Davidson County ABC Board.

Report on 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) as a basis for designing 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 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.

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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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2025-001 that we consider to be a material weakness.

Report on 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 financial statements. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings, Responses, and Questioned Costs as item 2025-001.

Davidson County's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Davidson County's response to the finding identified in our audit and described in the accompanying Corrective Action Plan. Davidson County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 26, 2026

MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.
"A Professional Association of Certified Public Accountants and Management Consultants"

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

Opinion on Each Major Federal Program

We have audited Davidson County, North Carolina's compliance with the types of compliance requirements identified as subject to audit 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, 2025. 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.

In our opinion, Davidson County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained *in Government Auditing Standards* issued by the Comptroller General in the United States *(Government Auditing Standards)*; 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Davidson County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Davidson County's compliance with the compliance requirements referred to above.

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800-948-0585 ♦ www.martinstarnes.com

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contacts or grant agreements applicable to Davidson County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Davidson County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Davidson County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Davidson County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Davidson County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Davidson County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings, Responses and Questioned Costs as items 2025-002 and 2025-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Davidson County's responses to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings, Responses and Questioned Costs. Davidson County's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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 a 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.

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 2025-002 and 2025-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Davidson County's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Davidson County's response were not subjected to the other 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Davidson County's basic financial statements. We issued our report thereon dated January 26, 2026, 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 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 26, 2026

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 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

Opinion on Each Major State Program

We have audited Davidson County, North Carolina's compliance with the types of compliance requirements identified as subject to audit 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 state programs for the year ended June 30, 2025. 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.

In our opinion, Davidson County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Davidson County and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Davidson County compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Davidson County's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Davidson County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Davidson County's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Davidson County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Davidson County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of Davidson County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of non-compliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2025-002 and 2025-003. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Davidson County's responses to the non-compliance findings identified in our compliance audit described in the accompanying Schedule of Findings, Responses, and Questioned Costs. Davidson County's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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 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.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2025-002 and 2025-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Davidson County's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings, Responses and Questioned Costs. Davidson County's responses were not subjected to the other 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Davidson County's basic financial statements. We issued our report thereon dated January 26, 2026, 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 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
January 26, 2026

DAVIDSON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

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?	Yes
• Significant deficiency identified?	None reported.
Non-compliance material to financial statements noted	Yes

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified?	Yes
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	Yes

Identification of major federal programs:

Federal Programs	**AL #**
Medicaid Cluster	93.778
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557
Supplemental Nutrition Assistance Program Cluster	10.561
Economic Development Cluster	11.307
Subsidized Child Care Program Cluster	93.596

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

DAVIDSON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

1. Summary of Auditor's Results (continued)

<u>State Awards</u>

Internal control over major state programs:

• Material weakness(es) identified?	No
• Significant deficiency(s) identified?	Yes
Type of auditor's report issued on compliance for major state programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	Yes

Identification of major state programs:

Medicaid Cluster
Public School Building Capital Fund – Lottery Fund
Juvenile Crime Prevention Council Programs
State Directed Grants-Regional Economic Development Reserve

Auditee qualified as low-risk auditee?	No

DAVIDSON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

2. Financial Statement Findings

Material Weakness
Non-Compliance

Finding 2025-001

Criteria: G.S. 159-28(a) states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

Condition: The County expended $712,770 more in expenditures within the General Fund over the amount appropriated in the annual budget ordinance. The County failed to amend the budget to account for the increase in expenditures.

Effect: Monies that had not been appropriated were spent.

Cause: The County expended funds that were in excess of the budget and budget amendments were not adopted.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2024-001.

Recommendation: Before an obligation is incurred that will exceed the amount that was previously approved in the budget ordinance, an amendment to the budget should be adopted.

Name of Contact Person: Christy Stilwell, Finance Director

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding and will adhere to the Corrective Action Plan in this audit report.

DAVIDSON COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

3. Federal Award Findings, Responses, and Questioned Costs

U.S. Department of Health and Human Services
Passed through the N.C. Department of Health and Human Services, Division of Social Services
Program Name: SNAP Cluster AL #10.561 (215NC406S2514)

Significant Deficiency, non-material non-compliance and internal control
Special Tests and Provisions (Enterprise Program Integrity)

Finding: 2025-002

Criteria: Per the North Carolina DSS Crosscutting Requirements compliance supplement, Counties must acquire adequate case documentation to substantiate the claim entry into the NC Fast Enterprise Program Integrity ("EPI") system. 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: We noted instances of claims entered in EPI where adequate case documentation to substantiate the claim entry was not maintained.

Context: We sampled 60 claims that were current in the EPI system and noted the above condition in 4 (6.7%) of the claims tested. For the claim, the DSS-1682 corrected amount was not properly updated within the NCFAST system. Therefore, initial investigation in the claims file does not agree to the amount entered in EPI to be collected on by the County.

Effect: The County may not have accurate supporting documentation for claims entered in EPI system. There is a risk that claims may not be valid as a result.

Cause: Documentation to support a claim entered into EPI was not accurate.

Questioned Costs: The finding represents potential questioned costs. However, in accordance with 2CFR 200, auditors are required to report known questioned costs when likely questioned costs are greater than $25,000. Likely questioned costs do not exceed $25,000.

Recommendation: County DSS staff should implement controls to ensure that all documentation is maintained and agrees to what was entered into EPI.

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

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

U.S. Department of Health and Human Services
Passed through the N.C. Department of Health and Human Services, Division of Social Services
Program Name: Medicaid AL #93.778 (XIX-MAP23),
SNAP Cluster AL #10.561 (215NC406S2514),
Child Care Development Cluster AL #93.596 (G2301NCCCDF)

Significant Deficiency, non-material non-compliance and internal control Reporting (Purchase of Service)

Finding 2025-003

Criteria: Per the North Carolina DSS Crosscutting Requirements compliance supplement, Counties must have an approved contract for all purchased services reported on form DSS-1571.

Condition: We noted an instance of an unsigned purchased service agreement.

Context: We sampled 40 purchased services reported on form DSS-1571 and noted there were 5 samples pertaining to the unsigned purchased service agreement mentioned above.

Effect: The County may have unapproved purchased services. There is a risk of unallowable purchased services as a result.

Cause: Expenses were paid before a signed contract was obtained.

Questioned Costs: The finding represents potential questioned costs. However, in accordance with 2CFR 200, auditors are required to report known questioned costs when likely questioned costs are greater than $25,000. Likely questioned costs do not exceed $25,000.

Recommendation: County DSS staff should implement controls to ensure contracts are signed before submitting claims from potential vendors.

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

4. State Award Findings, Responses, and Questioned Costs

U.S. Department of Health and Human Services
Passed through the N.C. Department of Health and Human Services, Division of Social Services
Program Name: SNAP Cluster AL #10.561 (215NC406S2514)

Significant Deficiency, non-material non-compliance and internal control
Special Tests and Provisions (Enterprise Program Integrity)

Finding: 2025-002

Per the North Carolina DSS Crosscutting Requirements compliance supplement, Counties must acquire adequate case documentation to substantiate the claim entry into the NC Fast Enterprise Program Integrity ("EPI") system. 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. See more details at Finding 2025-002 in Section 3 Federal Award Findings, Responses, and Questioned Costs.

U.S. Department of Health and Human Services
Passed through the N.C. Department of Health and Human Services, Division of Social Services
Program Name: Medicaid AL #93.778 (XIX-MAP23),
SNAP Cluster AL #10.561 (215NC406S2514),
Child Care Development Cluster AL #93.596 (G2301NCCCDF)

Significant Deficiency, non-material non-compliance and internal control
Reporting (Purchase of Service)

Finding 2025-003

Per the North Carolina DSS Crosscutting Requirements compliance supplement, Counties must have an approved contract for all purchased services reported on form DSS-1571. See more details at Finding 2025-003 in Section 3 Federal Award Findings, Responses, and Questioned Costs.

DAVIDSON COUNTY FINANCE
Davidson County Governmental Center
Post Office Box 1067
913 N. Greensboro Street
Lexington, NC 27292

CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Finding: 2025-001

Name of Contact Person: Christy Stilwell

Corrective Action/Management's Response:

Over-expenditures that occurred in in the General Fund occurred in the debt service department. In fiscal year 2025, the county sold a piece of property and as a result was able to pay off a rural economic development loan that was associated with the piece of property. The payment was made as part of the closing transaction and only the proceeds received were recorded as revenue. As no expense was recorded at the time, no additional appropriation of expenditure funds was budgeted. The county acknowledges that the initial recording the net proceeds was in error, but as that error was not realized until after the end of the fiscal year, no additional budget amendment could be approved. In the future, the Finance Director and Finance staff will scrutinize the sale of real property more closely to ensure no additional amendments are required when properly recording all aspects of the sale and resulting proceeds.

These steps will help management of the County ensure proper pre-audit procedures and budget control procedures are adhered to even in these special or unusual circumstances.

Proposed Completion Date: June 30, 2026

DAVIDSON COUNTY
DEPARTMENT OF SOCIAL SERVICES
Patricia Baker, Director

Lexington DSS Office
P.O. Box 788
913 Greensboro Street
Lexington, North Carolina 27293
336-242-2500
FAX: 336-249-7588

Thomasville DSS Office
211 W. Colonial Drive
Thomasville, North Carolina 27360
P. O. Box 788
Lexington, North Carolina 27293
336-242-2500
FAX: 336-472-6635

Lexington Child Support Office
PO Box 788
208 Salem Street
Lexington, North Carolina 27293
336-242-2242
FAX: 336-242-1236

Thomasville Child Support Office
211 W. Colonial Drive
Thomasville, North Carolina 27360
P. O. Box 788
Lexington, North Carolina 27293
336-242-2500
FAX: 336-474-2620

CORRECTIVE ACTION PLAN

This Corrective Action Plan is being developed in response to Davidson County's Single Audit for June 30, 2025.

Finding: 2025-002

Issue: There were (4) cases cited for inadequate documentation to substantiate Program Integrity claims.

Correction Action: Davidson County Quality and Training Supervisor will monitor 100% of all substantiated Program Integrity claims by reviewing case documentation, evidence, budgets, spreadsheets, and notices. Program Integrity Investigators will be reminded of the importance of calculating and documenting income and expenses accurately, and following policy guidelines to ensure appropriate claim balances are established. The Quality and Training Supervisor will continue to meet with Program Integrity Investigators on a monthly basis to ensure compliance.

Timeframe: Effective immediately. Any remedial training that is identified by the Quality and Training Supervisor will be completed within one week of the error found.

Finding 2025-003

Issue: There were (5) samples of purchased services reported on the DSS-1571 to an unsigned vendor.

Corrective Action: Davidson County will monitor vendor contracts prior to the vendor providing and or invoicing for services, when possible. The DSS Business/Fiscal Team will check for active vendor contracts prior to approving and paying invoices for services.

Timeframe: Effective immediately. Any services needed will be vetted through the DSS Business/Fiscal Team prior to scheduling (when possible). DSS Business/Fiscal Team will monitor active contracts annually to ensure compliance.

DAVIDSON COUNTY, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

Finding 2024-001

Status: Repeated as 2025-001.

Finding 2024-002

Status: Corrected.

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
Year Ended June 30, 2025

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Provided To Subrecipients
FEDERAL AWARDS:					
U.S. DEPT. OF TRANSPORTATION					
FEDERAL HIGHWAY ADMINISTRATION					
PASSED THROUGH NC DEPT OF TRANSPORTATION					
HIGHWAY SAFETY CLUSTER:					
STATE AND COMMUNITY HIGHWAY SAFETY:	20.600	22024.6.7	$ 11,621	$ -	$ -
TOTAL HIGHWAY SAFETY CLUSTER			11,621	-	-
FEDERAL HIGHWAY ADMINISTRATION					
FEDERAL TRANSIT CLUSTER:					
DIRECT PROGRAM:					
FEDERAL TRANSIT - FORMULA GRANTS (URBANIZED AREA FORMULA PROGRAM)	20.507	44637.18.6.3	214,407	-	-
PASSED THROUGH CITY OF WINSTON SALEM					
COVID-19 - FEDERAL TRANSIT - FORMULA GRANTS (URBANIZED AREA FORMULA PROGRAM)	20.507	WS 2022 ARP	5,122	-	-
FEDERAL TRANSIT - FORMULA GRANTS (URBANIZED AREA FORMULA PROGRAM)	20.507	WS 2024 ARP	234,659	-	-
TOTAL FEDERAL TRANSIT CLUSTER			454,188	-	-
PASSED THROUGH NC DEPT OF TRANSPORTATION					
FORMULA GRANTS FOR RURAL AREAS AND TRIBAL TRANSIT PROGRAM - ADMIN	20.509	36233.34.25.1	56,223	3,514	-
FORMULA GRANTS FOR RURAL AREAS AND TRIBAL TRANSIT PROGRAM - ADMIN	20.509	36233.34.26.1	295,830	18,489	-
FORMULA GRANTS FOR RURAL AREAS AND TRIBAL TRANSIT PROGRAM - ADMIN	20.509	36233.34.24.3	-	126,000	
FORMULA GRANTS FOR RURAL AREAS AND TRIBAL TRANSIT PROGRAM - CAPITAL	20.509	36233.34.25.3	112,000	14,000	-
TOTAL FORMULA GRANTS FOR RURAL AREAS AND TRIBAL TRANSIT PROGRAM			464,053	162,003	-
TRANSIT SERVICES PROGRAMS CLUSTER:					
PASSED THROUGH NC DEPT OF TRANSPORTATION					
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	20.513	51001.58.11.3	19,422	2,428	-
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	20.513	51001.58.12.3	240,000	30,000	-
PASSED THROUGH CITY OF WINSTON SALEM					
ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES	20.513	51001.58.8.3	10,533	-	-
TOTAL TRANSIT SERVICES PROGRAMS CLUSTER			269,955	32,428	-
PASSED THROUGH CITY OF WINSTON SALEM					
HIGHWAY PLANNING, RESEARCH AND CONSTRUCTION CLUSTER (NOTE 3):					
HIGHWAY PLANNING AND CONSTRUCTION (FEDERAL-AID HIGHWAY PROGRAM)	20.205	35655	61,560	-	-
TOTAL HIGHWAY PLANNING, RESEARCH AND CONSTRUCTION CLUSTER (NOTE 3):			61,560	-	-
PASSED THROUGH NC DEPT OF TRANSPORTATION					
INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING AND PLANNING GRANTS	20.703	246004	8,900	-	-
TOTAL U.S. DEPT. OF TRANSPORTATION			1,270,277	194,431	-
U.S. DEPT. OF AGRICULTURE					
FOOD AND NUTRITION SERVICE					
SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER:					
PASSED THROUGH NC DEPT OF HEALTH AND HUMAN SERVICES					
DIVISION OF SOCIAL SERVICES:					
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM - ADMIN	10.561	215NC406S2514	1,218,886	12	-
STATE ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM - FRAUD ADMINISTRATION	10.561	215NC406S2514	87,067	-	-
TOTAL SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM CLUSTER			1,305,953	12	-
DIVISION OF PUBLIC HEALTH:					
WIC SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	10.557	13A2540	720,098	-	-
TOTAL U.S. DEPT. OF AGRICULTURE			2,026,051	12	-
U.S. DEPT. OF HOMELAND SECURITY					
FEDERAL EMERGENCY MANAGEMENT AGENCY					
PASSED THROUGH NC DEPT OF PUBLIC SAFETY					
HOMELAND SECURITY GRANT PROGRAM	96.067	EMW-2023-SS	35,000	-	-
TOTAL U.S. DEPT. OF HOMELAND SECURITY			35,000	-	-
U.S. DEPT. OF HEALTH AND HUMAN SERVICES					
ADMINISTRATION FOR CHILDREN AND FAMILIES					
PASSED THROUGH NC DEPT OF HEALTH AND HUMAN SERVICES					
DIVISION OF SOCIAL SERVICES:					
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES - ADMINISTRATION	93.558	2301NCTANF	966,612	-	-
DIVISION OF PUBLIC HEALTH:					
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	13A1515	20,735	-	-
TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES			987,347	-	-

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
Year Ended June 30, 2025

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Provided To Subrecipients
SPECIAL CHILDREN ADOPTION FUND CLUSTER (NOTE 3):					
DIVISION OF SOCIAL SERVICES:					
MARYLEE ALLEN PROMOTING SAFE AND STABLE FAMILIES PROGRAM	93.556	2301NCFPSS	35,871	-	-
TOTAL SPECIAL CHILDREN ADOPTION FUND CLUSTER (NOTE 3)			35,871	-	-
CHILD SUPPORT SERVICES - IV-D ADMINISTRATION	93.563	2304NC4005	1,116,297	-	-
LOW-INCOME HOME ENERGY ASSISTANCE - ADMINISTRATION	93.568	G23B1NCLIEA	120,572	-	-
TOTAL LOW-INCOME HOME ENERGY ASSISTANCE			120,572	-	-
FOSTER CARE, ADOPTION, AND GUARDIANSHIP ASSISTANCE PROGRAM CLUSTER (NOTE 3):					
FOSTER CARE TITLE IV-E - CPS	93.658	2301NCFOST	110,664	102,326	-
FOSTER CARE TITLE IV-E - ADMIN	93.658	2301NCFOST	1,142,430	52,569	-
FOSTER CARE TITLE IV-E - DIRECT BENEFITS	93.658	2301NCFOST	723,901	247,877	-
ADOPTION ASSISTANCE - IV-E OPTIONAL TRAINING	93.659	2301NCFOST	24,219	19	-
TOTAL FOSTER CARE, ADOPTION, AND GUARDIANSHIP ASSISTANCE PROGRAM CLUSTER (NOTE 3)			2,001,214	402,791	-
SOCIAL SERVICES BLOCK GRANT- OTHER SVCS & TRNG	93.667	G2301NCSOSR	480,855	-	-
SOCIAL SERVICES BLOCK GRANT- STATE IN HOME SERVICE FUND	93.667	G2301NCSOSR	68,388	-	-
SOCIAL SERVICES BLOCK GRANT - STATE ADULT DAY CARE	93.667	G2301NCSOSR	56,404	51,778	-
TOTAL SOCIAL SERVICES BLOCK GRANT			605,647	51,778	-
JOHN H. CHAFEE FOSTER CARE PROGRAM FOR SUCCESSFUL TRANSITION TO ADULTHOOD - ADMIN	93.674	G2301NCCILP	1,164	291	-
JOHN H. CHAFEE FOSTER CARE PROGRAM FOR SUCCESSFUL TRANSITION TO ADULTHOOD - DIRECT BENEFITS	93.674	G2301NCCILP	474	-	-
TOTAL JOHN H. CHAFEE FOSTER CARE PROGRAM FOR SUCCESSFUL TRANSITION TO ADULTHOOD			1,638	291	-
CHILD CARE DEVELOPMENT FUND CLUSTER:					
SUBSIDIZED CHILD CARE PROGRAM CLUSTER (NOTE 3):					
DIVISION OF SOCIAL SERVICES:					
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND - ADMIN	93.596	G2301NCCCDF	206,676	-	-
TOTAL CHILD CARE DEVELOPMENT FUND CLUSTER / SUBSIDIZED CHILD CARE PROGRAM CLUSTER (NOTE 3)			206,676	-	-
CENTERS FOR DISEASE CONTROL AND PREVENTION					
PASSED THROUGH NC DEPT OF HEALTH AND HUMAN SERVICES					
DIVISION OF PUBLIC HEALTH:					
PUBLIC HEALTH EMERGENCY PREPAREDNESS	93.069	1264268	37,736	-	-
PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAM	93.116	1460272	50	-	-
CENTERS FOR DISEAS CONTROL AND PREVENTION'S COLLABORATION WITH ACADEMIA TO STRENGTHEN PUBLIC HEALTH	93.967	2B0SGLH-20G0216001; 2B0SG23-20G026002	24,000	-	-
HIV CARE FORMULA GRANTS - RYAN WHITE CARE ACT	93.917	2B04536-20G0169002; 2B04601-20G0169002	15,214		
IMMUNIZATION COOPERATIVE AGREEMENTS	93.268	1331631	36,621	-	-
COVID-19 - IMMUNIZATION COOPERATIVE AGREEMENTS	93.268	1331631	64,111	-	-
TOTAL IMMUNIZATION COOPERATIVE AGREEMENTS			100,732	-	-
CANCER PREVENTION AND CONTROL PROGRAMS FOR STATE, TERRITORIAL AND TRIBAL ORGANIZATIONS	93.898	1320310	26,000	-	-
PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	93.991	1261550	28,488	-	-
SEXUALLY TRANSMITTED DISEASES (STD) PREVENTION AND CONTROL GRANTS	93.977	2B04631-20G0182001	100		
HEALTH RESOURCES AND SERVICES ADMINISTRATION					
PASSED THROUGH NC DEPT OF HEALTH AND HUMAN SERVICES					
DIVISION OF PUBLIC HEALTH:					
MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	93.994	1271574	53,552	21,305	-
OFFICE OF ASSISTANT SECRETARY FOR HEALTH					
PASSED THROUGH NC DEPT OF HEALTH AND HUMAN SERVICES					
DIVISION OF PUBLIC HEALTH:					
FAMILY PLANNING SERVICES	93.217	13A1592	80,965	-	-
ADMINISTRATION FOR COMMUNITY LIVING					
AGING CLUSTER:					
PASSED THROUGH PIEDMONT TRIAD REGIONAL COUNCIL					
SPECIAL PROGRAMS FOR THE AGING - TITLE III, PART B - GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS	93.044	DAAS-735	135,449	7,967	41,020

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2025

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Provided To Subrecipients
COVID-19 - SPECIAL PROGRAMS FOR THE AGING - TITLE III, PART B - GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS, AMERICAN RESCUE PLAN FOR SUPPORTIVE SERVICES UNDER TITLE III-B OF THE OLDER AMERICANS ACT	93.044	DAAS-735	70,166	12,382	-
SPECIAL PROGRAMS FOR THE AGING TITLE III, PART C, NUTRITION SERVICES	93.045	DAAS-735	219,308	12,900	-
COVID-19 - SPECIAL PROGRAMS FOR THE AGING TITLE III, PART C, NUTRITION SERVICES	93.045	DAAS-735	8,095	1,428	-
SPECIAL PROGRAMS FOR THE AGING TITLE III, PART C, NUTRITION SERVICES	93.045	DAAS-735	258,266	15,192	-
COVID-19 - SPECIAL PROGRAMS FOR THE AGING TITLE III, PART C, NUTRITION SERVICES	93.045	DAAS-735	15,142	2,672	-
SPECIAL PROGRAMS FOR THE AGING TITLE III, PART C, NUTRITION SERVICES	93.045	GO35	-	-	
NUTRITION SERVICES INCENTIVE PROGRAM	93.053	DAAS-735	85,612	-	-
TOTAL AGING CLUSTER			792,038	52,541	41,020
PASSED THROUGH PIEDMONT TRIAD REGIONAL COUNCIL					
NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	93.052	DAAS-735	67,642	4,509	72,151
COVID-19 - NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	93.052	DAAS-735	43,315	14,438	57,753
CENTERS OF MEDICARE AND MEDICAID SERVICES					
MEDICAID CLUSTER:					
PASSED THROUGH NC DEPT OF HEALTH AND HUMAN SERVICES					
DIVISION OF HEALTH BENEFITS:					
GRANTS TO STATES FOR MEDICAID TITLE XIX - ADMIN	93.778	XIX-MAP23	2,730,173	446,468	-
GRANTS TO STATES FOR MEDICAID TITLE XIX - MEDICAID ADMINISTRATIVE	93.778	XIX-MAP23	113,676	-	-
GRANTS TO STATES FOR MEDICAID TITLE XIX - TRANSPORTATION ADMIN	93.778	XIX-MAP23	46,568	-	-
GRANTS TO STATES FOR MEDICAID TITLE XIX - ADULT HOME SPECIALIST SERVICES	93.778	XIX-MAP23	18,072	9,036	
GRANTS TO STATES FOR MEDICAID TITLE XIX - STATE COUNTY SPECIAL	93.778	XIX-MAP23	71,490	-	-
TOTAL MEDICAID CLUSTER			2,979,979	455,504	-
CHILDREN'S HEALTH INSURANCE PROGRAM - ADMIN	93.767	CHIP 23	232,762	74,631	-
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES			9,557,835	1,077,788	170,924
U.S. DEPT. OF JUSTICE					
CRIMINAL DIVISION					
DIRECT PROGRAM:					
EQUITABLE SHARING PROGRAM	16.922		90,750	-	-
FEDERAL PRISON SYSTEM/BUREAU OF PRISONS					
DIRECT PROGRAM:					
CORRECTIONS TRAINING AND STAFF DEVELOPMENT	16.601	15PBJA-21-RR-05218-SCAA , 15PBJA-20-RR-00102-SCAA	11,621	-	-
TOTAL U.S. DEPT. OF JUSTICE			102,371	-	-
U.S. DEPT. OF TREASURY					
PASSED THROUGH THE N.C. DEPARTMENT TOF CULTURAL RESOURCES					
COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	2B0SF LA-200TT00000	8,780	-	-
TOTAL U.S. DEPT. OF TREASURY			8,780	-	-
THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
PASSED THROUGH STATE LIBRARY OF NORTH CAROLINA					
MUSEUMS FOR AMERICA	45.301	251501-OMS-22	47,300	-	-
PASSED THROUGH STATE LIBRARY OF NORTH CAROLINA					
GRANTS TO STATES - LSTA EZ GRANTS	45.310	NC-24-25	6,992	-	-
GRANTS TO STATES - LSTA ARSL GRANTS	45.310	NC-24-25	2,268	-	-
GRANTS TO STATES - LSTA MINI GRANTS	45.310	NC-23-24	9,031	-	-
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES			65,591	-	-
U.S. DEPT. OF COMMERCE					
ECONOMIC DEVELOPMENT ADMINISTRATION					
DIRECT PROGRAM:					
ECONOMIC DEVELOPMENT CLUSTER:					
ECONOMIC ADJUSTMENT ASSISTANCE	11.307	04-79-07704	608,233	-	-
TOTAL ECONOMIC DEVELOPMENT CLUSTER			608,233	-	-
TOTAL U.S. DEPT. OF COMMERCE			608,233	-	-
TOTAL FEDERAL AWARDS			13,674,138	1,272,231	170,924

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
Year Ended June 30, 2025

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Provided To Subrecipients
STATE AWARDS:					
N.C. DEPT. OF HEALTH AND HUMAN SERVICES					
DIVISION OF PUBLIC HEALTH:					
OTHER RECEIPTS / STATE SUPPORTED EXPENDITURES					
GENERAL COMMUNICABLE DISEASE CONTROL				$ 3,806	$ -
COMMUNICABLE DISEASE PANDEMIC RECOVERY - SFRF				78,310	-
COVID-19 - EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS				82,116	-
FOOD AND LODGING FEES				17,869	-
AID-TO-COUNTIES				147,535	-
SCHOOL NURSING FUNDING INTIATIVE				400,000	400,000
TUBERCULOSIS CONTROL				30,686	-
CHILD HEALTH				3,037	-
CHILD FATALITY CASE REPORTING				2,380	-
HEALTHY COMMUNITY ACTIVITIES				3,785	-
HIGH RISK MATERNITY CLINICS				82,603	-
BREAST AND CERVICAL CANCER CONTROL				18,025	-
STATE FISCAL RECOVERY FUNDS				100,000	-
FAMILY PLANNING - STATE				19,441	-
SPAY/NEUTER PROGRAM				4,345	-
DIVISION OF SOCIAL SERVICES:					
F/C AT RISK MAXIMIZATION				11,968	-
SFHF MAXIMIZATION				166,437	-
STATE FOSTER HOME				198,706	-
EXTENDED FOSTER CARE MAXIMIZATION NON IV-E PROGRAMS				23,490	-
STATE-FAMILY FOSTER MAX				3,051	-
ST CHILD WELFARE/CPS/CS LD - STATE CHILD WELFARE - STATE PROTECTIVE ADMIN:				375,226	-
FOSTER CARE KINSHIP				83,368	-
DIVISION OF AGING AND ADULT SERVICES:					
PASSED THROUGH PIEDMONT TRIAD REGIONAL COUNCIL					
IN-HOME SERVICES - STATE FUNDS 90%				479,389	154,086
FAN HEAT RELIEF				756	-
SENIOR CENTER GENERAL PURPOSE				22,200	-
TOTAL N.C. DEPT. OF HEALTH AND HUMAN SERVICES				2,358,529	554,086
N.C. OFFICE OF STATE BUDGET AND MANAGEMENT					
STATE DIRECTED GRANTS - REGIONAL ECONOMIC DEVELOPMENT RESERVE				1,000,000	-
STATE DIRECTED GRANTS - REGIONAL ECONOMIC DEVELOPMENT RESERVE				18,927	-
TOTAL N.C. OFFICE OF STATE BUDGET AND MANAGEMENT				1,018,927	-
N.C. DEPT. OF NATURAL AND CULTURAL RESOURCES					
PASSED THROUGH STATE LIBRARY OF NORTH CAROLINA					
STATE AID FOR PUBLIC LIBRARIES				241,979	-
N.C. PARKS AND RECREATION TRUST FUND ACCESSIBILILTY FOR PARKS PROJECT				171,740	-
TOTAL N.C. DEPT. OF NATURAL AND CULTURAL RESOURCES				413,719	-
N.C. DEPT. OF ENVIRONMENTAL QUALITY					
TECHNICAL ASSISTANCE GRANT				24,002	-
TOTAL N.C. DEPT. OF ENVIRONMENTAL QUALITY				24,002	-
N.C. DEPT. OF MILITARY AND VETERAN AFFAIRS					
COMMUNITY GRANT PROGRAM				2,273	-
N.C. DEPT. OF AGRICULTURE AND CONSUMER SERVICES					
STREAMFLOW REHABILITATION ASSISTANCE PROGRAM (StRAP)				149,830	-
TOTAL N.C. DEPT. OF AGRICULTURE AND CONSUMER SERVICES				149,830	-
N.C. DEPT. OF TRANSPORTATION					
RIDESHARE				17,953	-
RURAL OPERATING ASSISTANCE PROGRAM - RURAL GENERAL PUBLIC PROGRAM				123,452	-
RURAL OPERATING ASSISTANCE PROGRAM - ELDERLY AND DISABLED				96,035	-
RURAL OPERATING ASSISTANCE PROGRAM - EMPLOYMENT				40,009	-
TOTAL N.C. DEPT. OF TRANSPORTATION				277,449	-

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
Year Ended June 30, 2025

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State Pass-Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Provided To Subrecipients
N.C. DEPT. OF PUBLIC INSTRUCTION					
PUBLIC SCHOOL BUILDING CAPITAL FUND- LOTTERY FUND				3,232,879	2,704,182
N.C. OFFICE OF JUVENILE JUSTICE					
JUVENILE JUSTICE AND DELINQUENCY PREVENTION				606,278	590,778
N.C. DEPARTMENT OF PUBLIC SAFETY					
NC 911 BOARD GRANT - PORTABLE RADIO PSAP GRANT				49,208	-
MEDICATION-ASSISTED TREATMENT (MAT) GRANT				251,260	-
EMERGENCY MANAGEMENT CAPACITY BUILDING COMPETITIVE GRANT				97,762	-
HURRICANE HELENE DEPLOYMENT FUNDS				63,485	-
TOTAL N.C. DEPT. OF PUBLIC SAFETY				461,715	-
TOTAL STATE AWARDS				8,545,601	3,849,046
OTHER FINANCIAL ASSISTANCE					
N.C. DEPARTMENT OF JUSTICE					
OPIOID SETTLEMENT FUNDS		XXXXX	-	83,727	-
TOTAL FEDERAL AND STATE AWARDS			$ 13,674,138	$ 9,901,559	$ 4,019,970

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, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *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 financial position, changes in net position or cash flows of Davidson County.

2. Summary of Significant 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.

3. Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes - Special Children Adoption Fund, Subsidized Child Care Program, and Foster Care, Adoption, and Guardianship Assistance Program. The following are clustered by the NC Department of Transportation and are treated separately for state audit requirement purposes - Highway Planning, Research, and Construction Cluster.

4. Indirect Cost Rates

Davidson County has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.