

WAKE COUNTY, NORTH CAROLINA
Raleigh, North Carolina

Schedule of Expenditures of Federal and
State Awards for the Year Ended June 30, 2008
Report on Internal Control and Compliance

WAKE COUNTY, NORTH CAROLINA
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Board of County Commissioners
Wake County, North Carolina
Raleigh, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Wake County, North Carolina (the "County"), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 24, 2008. We did not audit the financial statements of the Wake County ABC Board (the "Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, on the County's basic financial statements, insofar as it relates to the amounts included for the Board is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 08-01 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the deficiency described in the accompanying schedule of findings and questioned costs as item 08-01 to be a material weakness in internal control over financial reporting.

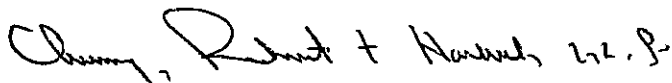
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 08-02.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other these specific parties.

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



Raleigh, North Carolina
November 24, 2008



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of County Commissioners
Wake County, North Carolina
Raleigh, North Carolina

Compliance

We have audited the compliance of Wake County, North Carolina (the "County"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

Schedule of Federal and State Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County as of and for the year ended June 30, 2008, and have issued our report thereon dated November 24, 2008. We did not audit the financial statements of the Wake County ABC Board, (the "Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion on the County's basic financial statements, insofar as it relates to the amounts for the Board, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of federal and State awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other these specific parties.

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

Cherry, Bekaert & Holland, L.L.P.

Raleigh, North Carolina
November 24, 2008, except the Schedule
of Federal and State Awards as to which
date is November 26, 2008



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR STATE
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of County Commissioners
Wake County, North Carolina
Raleigh, North Carolina

Compliance

We have audited the compliance of Wake County, North Carolina (the "County"), with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2008. The County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

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

Schedule of Federal and State Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2008, and have issued our report thereon dated November 24, 2008. We did not audit the financial statements of the Wake County ABC Board, (the "Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion on the County's basic financial statements, insofar as it relates to the amounts for the Board, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of federal and State awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Cherry, Bekaert & Holland, L.L.P.

Raleigh, North Carolina
November 24, 2008, except the Schedule
of Federal and State Awards as to which
date is November 26, 2008

WAKE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2008

I. – Summary of Auditors’ Results

Type of auditor’s report issued: **Unqualified.**

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses yes X none reported
- Noncompliance material to financial statements noted yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses yes X none reported
- Noncompliance material to federal awards yes X no

Type of auditor’s report issued on compliance for major federal programs: **Unqualified.**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133

 yes X no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.575	Subsidized Child Care Cluster:
93.596	Child Care and Development Fund - Discretionary
93.667	Child Care and Development Fund – Mandatory and Match
	Social Services Block Grant
93.778	Medical Assistance Program (Medicaid)
10.557	Special Supplemental Nutritional Program for Women, Infants and Children
	Foster Care Cluster
93.658	Foster Care – IV- E
93.659	Adoption Assistance
93.568	Low-Income Home Energy Assistance Block Grant
14.218	Community Development Block Grant

WAKE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

93.767 Children's Health Insurance Program (N.C. Health Choice - CHIPS)

 Workforce Investment Act Cluster

17.258 WIA – Adult Programs

17.259 WIA – Youth Activities

17.260 WIA – Dislocated Workers

17.267 WIA – Incentives and Administration

Program Dollar threshold used to distinguish
between Type A and Type B Programs

\$ 3,000,000

Auditee qualified as low-risk auditee?

 X yes no

WAKE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

Recommendation:

We recommend that someone in the finance department review the reserve for claims losses adjustment and compare it to the actuarial report for completeness.

Views of responsible officials and planned corrective actions:

The County agreed with the finding and adjusted the prior period balance by \$2,404,187.

Finding #08-02

NONMATERIAL NONCOMPLIANCE

Criteria:

North Carolina General Statutes require that fund deficits be "fully appropriated" when adopting the budget ordinance for the subsequent year. For General Statute purposes, "fully appropriated" means a transfer that restores fund balance.

Condition:

The Wake Community College Capital Project Fund's liabilities exceeded its assets by \$10,033,460 at year end.

Effect:

Non-compliance with regulations.

Cause:

The County typically issues bonds to fund the capital projects in this fund. The County had not issued additional debt for this fund as of June 30, 2008.

Recommendation:

Management needs to, on a periodic basis, evaluate the deficit and review appropriations as necessary.

III – Federal Award Findings and Questioned Costs

None.

IV – State Award Findings and Questioned Costs

None

WAKE COUNTY, NORTH CAROLINA
SCHEDULE OF CORRECTIVE ACTION PLAN
Year Ended June 30, 2008

V – Financial Reporting Findings and Questioned Costs

Finding #: 08-1

Name of Contact Persons: Melinda Canady, Finance Director

Corrective Action Plan: The finance department will review the claims liability for completeness.

Proposed Completion Date: Immediate

Finding #: 08-2

Name of Contact Persons: Melinda Canady, Finance Director

Corrective Action Plan: The County issued General Obligation Bond Anticipation Notes in October 2008 and expects to issue long-term general obligation bonds to cure the deficit of the fund.

Proposed Completion Date: Immediate

WAKE COUNTY, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

Finding #: 07-1

Status: Corrected

Finding #: 07-2

Status: Corrected

Finding #: 07-3

Status: Corrected

**WAKE COUNTY, NORTH CAROLINA
SCHEDULE OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008**

<u>Grantor/Pass-Through Grantor/Program Titles</u>	Federal CFDA #	State Pass-through Number	Expenditures		<u>Total</u>
			<u>Federal</u>	<u>State</u>	
Federal Awards:					
<u>Administration for Children and Families</u>					
Passed-through the N.C. Department of Health and Human Services, Division of Social Services:					
Family Preservation	93.556		\$ 68,902	\$ -	\$ 68,902
Temporary Assistance for Needy Families (TANF)	93.558		6,386,298	-	6,386,298
TANF - Direct Benefit Payments	93.558	-	4,255,867	(1,203)	4,254,664
Child Support Enforcement	93.563		3,689,425		3,689,425
Refugee and Entrant Assistance-State Administered Programs:					
Direct Benefit Payments	93.566		19,940	-	19,940
Low-Income Home Energy Assistance Block Grant:					
Direct Benefit Payments	93.568		662,584	-	662,584
Administration	93.568		1,631,141	-	1,631,141
Child Welfare Services	93.645	-	237,988	61,740	299,708
Social Services Block Grant	93.667	-	1,425,511	286,703	1,712,214
Independent Living Grant	93.674	-	108,375	27,344	136,719
Direct Benefit Payments	93.674	-	16,864	1,127	17,991
Childcare Development Fund - Administration	93.596		1,200,097	-	1,200,097
Working for Kids	93.597		11,072	-	11,072
Family Support Payments - Direct Benefit Payments	93.560	-	(3,799)	(1,042)	(4,841)
Total Division of Social Services			<u>19,711,245</u>	<u>374,669</u>	<u>20,085,914</u>
<u>Foster Care Cluster:</u>					
Foster Care-IV-E	93.658	-	3,271,305	428,770	3,700,075
Foster Care-IV-E Direct Benefit Payments	93.658	-	502,560	101,930	604,490
Adoption Assistance	93.659	-	128,540	-	128,540
Adoption Assistance-Direct Benefit Payments	93.659	-	1,807,780	508,382	2,316,162
Total Foster Care Cluster			<u>5,710,185</u>	<u>1,039,082</u>	<u>6,749,267</u>
Health Resources and Services Administration:					
Ryan White Title III HIV/AIDS	93.918		209,271	-	209,271
Total HRSA			<u>209,271</u>	<u>-</u>	<u>209,271</u>
Division of Child Development:					
<u>Subsidized Child Care Cluster:</u>					
Child Care and Development Fund - Discretionary	93.575		7,700,241	-	7,700,241
Child Care and Development Fund - Administration	93.596		1,200,097	-	1,200,097
Child Care and Development Fund - Mandatory	93.596		2,554,257	-	2,554,257
Child Care and Development Fund - Match	93.596	-	9,752,843	5,329,629	15,082,472
Social Services Block Grant	93.667		432,170	-	432,170
TANF	93.558		2,708,452	-	2,708,452
State Appropriations	NA	-	-	4,097,937	4,097,937
Smart Start	NA	-	-	800,977	800,977
More at Four	NA	-	-	400,000	400,000
TANF- MOE	NA	-	-	5,479,680	5,479,680
Total Subsidized Child Care Cluster			<u>24,348,060</u>	<u>16,108,223</u>	<u>40,456,283</u>
<u>Substance Abuse and Mental Health Service Administration:</u>					
Passed-through the N.C. Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services:					
Projects for Assistance in Transition from Homelessness(PATH)	93.150		68,132	-	68,132
MAJORS Substance Abuse/Juvenile Justice Initiative	93.959	-	119,106	71,768	190,874
Comprehensive Treatment Service Program	93.667		402,003	-	402,003
Prenatal and Maternal Substance Abuse Initiative	93.959	-	127,373	86,410	213,783
Strengthening Families	93.959		124,739	-	124,739
Substance Abuse Training	93.959		1,250	-	1,250
Treatment Alternatives for Women	93.959		35,000	-	35,000
SVCS to IV Drug Users	93.959		219,764	-	219,764

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

**WAKE COUNTY, NORTH CAROLINA
SCHEDULE OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008**

<u>Grantor/Pass-Through Grantor/Program Titles</u>	Federal CFDA #	State Pass-through Number	Expenditures		Total
			Federal	State	
<u>Mental Health Cluster</u>					
Block Grant for Community Mental Health Services	93.958		1,681,289	-	1,681,289
Social Service Block Grant	93.667		29,736	-	29,736
State Appropriations - Child	N/A	-	-	375,674	375,674
- Adults	N/A	-	-	4,826,885	4,826,885
- Other	N/A	-	-	559,774	559,774
Total Mental Health Cluster			1,711,025	5,762,333	7,473,358
<u>Developmental Disability Waiting List Cluster</u>					
State Appropriations	N/A		-	431,843	431,843
Total Developmental Disability Waiting List Cluster			-	431,843	431,843
Developmental Disability Services-Adult	93.667		704,858	-	704,858
Developmental Disabilities Services-Child	93.667		220,565	-	220,565
Total Developmental Disability Cluster			925,423	-	925,423
<u>Substance Abuse Services Cluster</u>					
Block Grant for Prevention and Treatment of Substance Abuse	93.959		855,996	-	855,996
State Appropriations-Child	N/A	-	-	51,447	51,447
State Appropriations-Adults	N/A	-	-	1,594,319	1,594,319
Total Substance Abuse Services Cluster			855,996	1,645,766	2,501,762
Medicaid Cluster:					
Passed-through the N.C. Department of Health and Human Services, Division of Social Services:					
<u>Medicaid Cluster:</u>					
Medical Assistance Program (Medicaid)	93.778	-	4,415,930	249,246	4,665,176
Medical Assistance Program (Medicaid) - Direct Benefit Payments	93.778	-	285,975,169	146,255,530	432,230,699
Total Medicaid Cluster			290,391,099	146,504,776	436,895,875
N.C. Health Choice	93.767	-	158,947	22,148	181,095
Passed-through the N.C. Department of Health and Human Services, Division of Health:					
Childhood Immunization Grants	93.268		144,522	-	144,522
Statewide Health Promotion Program	93.991		9,536	-	9,536
Tuberculosis Control Programs	93.116		57,840	-	57,840
Maternal and Child Health Services Block Grant	93.994		653,359	-	653,359
Temporary Assistance for Needy Families (TANF)	93.558		50,402	-	50,402
Health Programs for Refugees	93.575		8,250	-	8,250
Family Planning Services	93.217		138,727	-	138,727
Bioterrorism Grant	93.283		462,563	-	462,563
Prevention Investigations and Technical Assistance	93.283		153,626	-	153,626
Sexually Transmitted Diseases-HIV	93.940		28,000	-	28,000
Medical Assistant Program	93.778		72,536	-	72,536
Project Direct	93.988		108,740	-	108,740
Ryan White Program	93.917		1,324,042	-	1,324,042
Syphilis Elimination Program	93.997		153,932	-	153,932
Inject Drug User Program	93.959		115,140	-	115,140
Total Passed-through Division of Health			3,481,215	-	3,481,215
Passed-through North Carolina Department of Public Instruction:					
School Health Disease Prevention	93.938	-	-	-	-
Total U.S. Department of Health and Human Services			348,599,833	172,047,018	520,646,851

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

WAKE COUNTY, NORTH CAROLINA
SCHEDULE OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008

<u>Grantor/Pass-Through Grantor/Program Titles</u>	<u>Federal CFDA #</u>	<u>State Pass-through Number</u>	<u>Expenditures</u>		
			<u>Federal</u>	<u>State</u>	
				<u>Total</u>	
U.S. Department of Agriculture:					
Food Stamp Cluster:					
Passed-through the N.C. Department of Health and Human Services, Division of Social Services:					
State Administration Matching Grants for Food Stamp Program	10.561		2,381,709	-	2,381,709
Food Stamp Program - Direct Benefit Payments	10.551		53,335,679	-	53,335,679
Total Food Stamp Cluster			55,717,388	-	55,717,388
Passed-through the N.C. Department of Health and Human Services:					
Special Supplemental Nutritional Food Program for Women, Infants and Children	10.557		2,347,992	-	2,347,992
Direct Benefit Payments: Special Supplemental Nutritional Food Program for Women,	10.557		13,293,273	-	13,293,273
Total Special Supplemental Nutrition			15,641,265	-	15,641,265
Total U.S. Department of Agriculture			71,358,653	-	71,358,653
U.S. Department of Education:					
Passed-through the N.C. Department of Health and Human Services, Division of Mental Health, Developmental Disabilities and Substance Abuse Services (MH,DD,SAS):					
Infants and Toddlers with Disabilities Cluster Substance Abuse and Violence Prevention Program	84.186		116,886	-	116,886
Passed-through the NC Department of Public Instruction:					
21st Century Community Learning Centers Grant	84.287C		239,251	-	239,251
Cops in Schools Grant	84.184		113,514	-	113,514
Total U.S. Department of Education			469,651	-	469,651
U.S. Department of Justice:					
State Criminal Alien Assistance Program	16.606		398,537	-	398,537
Bullet Proof Vests	16.607		3,209	-	3,209
Passed-through the N.C. Department of Crime Control and Public Safety:					
Public Safety Partnership and Community Policing	16.710		41,771	-	41,771
Total U.S. Department of Justice			443,517	-	443,517
U.S. Department of Homeland Security:					
Office of Domestic Preparedness					
Passed Through the N.C. Department of Crime Control and Public Safety:					
Emergency Management	97.004		232,370	-	232,370
Emergency Food and Shelter Program	97.024	-	58,235	-	58,235
Emergency Management - State and Local Assistance	97.042	-	18,012	-	18,012
Homeland Security Grant Program	97.067		573,343	-	573,343
Office of Emergency Preparedness and Response					
FEMA-NDMS Hurricanes Katrina and Rita	97.XXX		376	-	376
Total U.S. Department of Homeland Security			882,336	-	882,336

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

WAKE COUNTY, NORTH CAROLINA
SCHEDULE OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008

<u>Grantor/Pass-Through Grantor/Program Titles</u>	Federal CFDA #	State Pass-through Number	Expenditures		Total
			Federal	State	
U.S. Department of Housing and Urban Development:					
Shelter Plus Care Program	14.238	-	1,013,222	-	1,013,222
Community Development Block Grants/Entitlement Grants	14.218	-	1,426,545	-	1,426,545
Supportive Housing Program	14.235	-	387,518	-	387,518
HOME Investment Partnership Program	14.239	-	175,939	-	175,939
HOPWA	14.241	-	233,056	-	233,056
Emergency Shelter Grant	14.231	-	38,654	-	38,654
Passed-through the City of Raleigh:					
Emergency Shelter Grant	14.231	-	104,766	-	104,766
Total U.S. Department of Housing and Urban Development			3,379,700	-	3,379,700
WIA Cluster:					
Passed-through the N.C. Department of Economic and Community Development, Job Training Partnership Act:					
Workforce Investment Act-Adult	17.258	-	772,213	-	772,213
Workforce Investment Act-Youth	17.259	-	879,970	-	879,970
Workforce Investment Act-Dislocated Workers	17.260	-	1,901,933	-	1,901,933
WIA Incentive and Administration	17.267	-	831,100	-	831,100
Total WIA Cluster			4,385,216	-	4,385,216
Total U.S. Department of Labor			7,764,916	-	7,764,916
U.S. Department of Transportation:					
Federal Highway Administration					
Passed-through the N.C. Department of Transportation:					
Governors Highway Safety Program	20.604	-	340,541	-	340,541
NC DOT	20.205	-	193,033	-	193,033
Total U.S. Department of Transportation			533,574	-	533,574
Total Federal Awards			430,052,480	172,047,018	602,099,498
State Awards:					
N.C. Department of Cultural Resources:					
Division of State Library:					
State Aid to Libraries	-	-	-	578,501	578,501
Historic Preservation Grant	-	-	-	10,500	10,500
N.C. Department of Health and Human Services:					
Division of Health:					
General	-	-	-	205,808	205,808
Communicable Disease - HIV/HBV	-	-	-	52,158	52,158
Tuberculosis Control	-	-	-	90,281	90,281
Child Health	-	-	-	5,506	5,506
Preparedness and Response	-	-	-	17,427	17,427
Maternal Care Coordinator	-	-	-	35,160	35,160
TB Medical Services	-	-	-	8,005	8,005
Risk Reduction/Health Promotion	-	-	-	18,505	18,505
AIDS	-	-	-	172,704	172,704
Diabetes Today	-	-	-	101,156	101,156
Sexually Transmitted Diseases	-	-	-	12,020	12,020
Total Division of Health			-	718,730	718,730

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

WAKE COUNTY, NORTH CAROLINA
SCHEDULE OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008

<u>Grantor/Pass-Through Grantor/Program Titles</u>	<u>Federal CFDA #</u>	<u>State Pass-through Number</u>	<u>Expenditures</u>		<u>Total</u>
			<u>Federal</u>	<u>State</u>	
Division Of Mental Health, Developmental Disabilities and Substance Abuse Services:					
General Program Services	-	-	-	1,341,653	1,341,653
Systems Management Transition	-	-	-	8,383,448	8,383,448
LME Processed Medicaid Claims	-	-	-	7,775	7,775
Developmental Disability Services-Child	-	-	-	1,384,454	1,384,454
Developmental Disability Services-Adult	-	-	-	3,115,123	3,115,123
Mental Retardation/Mental Illness	-	-	-	3,387,733	3,387,733
Comprehensive Treatment Services Program (At Risk Children)	-	-	-	199,972	199,972
New Initiative-First In Families	-	-	-	340,362	340,362
Criminal Justice	-	-	-	226,586	226,586
Crisis Services	-	-	-	1,867,526	1,867,526
Treatment Alternatives for Women	-	-	-	222,824	222,824
Total Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			-	20,477,456	20,477,456
Division Of Vocational Rehabilitation:					
Supported Employment Grant	-	-	-	48,510	48,510
Office of Rural Health and Resource Development:					
Farmworker Health Grant	-	-	-	144,539	144,539
Division of Social Services:					
Energy Assistance Private Grants	-	-	-	284,385	284,385
Adult Protective Services	-	-	-	43,872	43,872
Adoption/Foster Care	93.XXX	-	614,012	155,000	769,012
Child Protective Services Expansion	-	-	-	230,512	230,512
Direct Benefit Payments:					
CWS Adoption Subsidy	93.645	-	657,960	1,592,669	2,250,629
State/County Special Assistance for Adults	93.XXX	-	-	3,986,022	3,986,022
State Foster Home	-	-	-	431,429	431,429
FC at Risk Maximization	-	-	-	34,925	34,925
Total Division of Social Services			1,271,972	6,758,814	8,030,786
Division of Child Development:					
Passed-through the Wake County Smart Start, Inc.:					
Smart Start	-	-	-	8,409,165	8,409,165
Total N.C. Department of Health and Human Services			1,271,972	36,557,214	37,829,186
N.C. Department of Human Resources:					
Office of the Secretary:					
Support our Students Program	-	-	-	85,827	85,827
N.C. Department of Transportation, Public Transportation Division:					
Elderly and Disabled Transportation Assistance Program (EDTAP)	-	-	-	286,672	286,672
Community Transportation Administrative Grant	-	-	-	489,958	489,958
Rural General Public Program (RGP)	-	-	-	234,049	234,049
Traveler's Aid	-	-	-	5,682	5,682
Work First/Employment Transportation Operating Assistance	-	-	-	70,238	70,238
Total N.C. Department of Transportation			-	1,086,599	1,086,599
N.C. Department of Corrections:					
Criminal Justice Partnership Program	-	-	-	426,034	426,034
N.C. Department of Public Instruction:					
Public School Building Capital Fund	-	-	-	12,227,825	12,227,825
Total N.C. Department of Public Instruction			-	12,227,825	12,227,825

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

WAKE COUNTY, NORTH CAROLINA
SCHEDULE OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008

<u>Grantor/Pass-Through Grantor/Program Titles</u>	Federal CFDA #	State Pass-through Number	Expenditures		Total
			Federal	State	
N.C. Department of Environment and Natural Resources,					
Division of Environmental Health:					
Environmental Education	-	-	-	5,297	5,297
Food and Lodging	-	-	-	15,250	15,250
Total N.C. Department of Environment and Natural Resources			-	20,547	20,547
N.C. Department of Administration:					
Veterans Services Program	-	-	-	2,000	2,000
Office of the Governor:					
Health and Wellness Trust Fund				110,341	110,341
N.C. Department of Juvenile Justice and Delinquency Prevention					
Juvenile Crime Prevention Council Programs					
OJJ Support			-	13,400	13,400
4-H Spaces			-	85,891	85,891
Wrenn House			-	129,080	129,080
Residential Treatment			-	210,512	210,512
Havenhouse Homesteaders			-	56,081	56,081
Re-Entry-Capital Area Teen court			-	136,693	136,693
Second Chance			-	33,000	33,000
Juvenile Restitution			-	226,706	226,706
Structured Day Program			-	275,800	275,800
Gang Prevention			-	92,268	92,268
Total Juvenile Crime Prevention Council Programs			-	1,259,431	1,259,431
Total State Awards			1,271,972	52,364,819	53,636,791
Total Federal and State Awards			\$ 431,324,452	\$ 224,411,837	\$ 655,736,289
Single audit totals					

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

WAKE COUNTY, NORTH CAROLINA
NOTES TO THE SCHEDULE OF FEDERAL AND STATE AWARDS
 Year Ended June 30, 2008

General – The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and State financial award programs of Wake County, North Carolina (the "County"). The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements. Benefit payments are paid directly to recipients and are not included in the County's financial statements. However, due to the County's involvement in determining eligibility, they are considered federal and State awards to the County and are included on this schedule.

- A. **Basis of Accounting** – The accompanying Schedule of Expenditures of Federal and State Awards is prepared on the modified accrual basis of accounting.
- B. **Major Programs** – Cluster programs are considered as one program for determining major programs in accordance with OMB Circular A-133 and the State Single Audit Implementation Act. Also, the federal and State portions of the cluster programs is included when identifying major programs for calculating the percentage of coverage of federal and State awards expended.
- C. **Relationship to Federal and State Financial Reports** – Amounts reported in the accompanying schedule agree with the amounts reported in the related federal and State financial reports except in cases where those reports are filed on a basis other than the modified accrual basis of accounting.

Subrecipients

During the fiscal year ended June 30, 2008, the County provided federal and State awards to subrecipients as follows:

Program Titles	Federal CFDA #	Expenditures	
		Federal	State
U.S. Department of Health and Human Services: Passed-through the N.C. Department of Health and Human Services , Division of Social Sciences: Foster Care – IV-E	93.658	73,000	-

WAKE COUNTY, NORTH CAROLINA
NOTES TO THE SCHEDULE OF FEDERAL AND STATE AWARDS
 Year Ended June 30, 2008

Program Titles	Federal CFDA #	Expenditures	
		Federal	State
U.S. Department of Education:			
Passed through the NC Department of Public Instruction			
21 st Century Community Learning Centers Grant	84.287	219,314	-
U.S. Department of Housing and Urban Development:			
HOPWA	14.241	74,415	-
WIA Cluster:			
Passed-through the N.C. Department of Economic and Community Development, Job Training Partnership Act:			
WIA Incentive and Administration	17.267	489,250	-
Workforce Investment Act-Adult	17.258	598,272	-
Workforce Investment Act-Youth	17.259	794,943	-
Workforce Investment Act-Dislocated Workers	17.260	1,095,203	-
N.C. Department of Transportation, Public Transportation Division:			
Elderly and Disabled Transportation Assistance Program (EDTAP)	-	-	246,465
N.C. Department of Corrections:			
Criminal Justice Partnership Program	-	-	426,034
N.C. Department of Juvenile Justice and Delinquency Prevention:			
Juvenile Crime Prevention Council Programs	-	-	1,173,540
		\$3,344,397	\$1,846,079