

POLK COUNTY, NORTH CAROLINA

Compliance Reports

June 30, 2014

POLK COUNTY, NORTH CAROLINA

Compliance Reports

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POLK COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2014

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
Federal Awards:				
<u>U.S. Department of Agriculture</u>				
Food and Nutrition Service:				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Food Stamp Cluster:				
Administration:				
Food Stamp Administration	10.561		\$ 125,081	\$ -
Food Stamp Fraud	10.561		349	-
Total Food Stamp Cluster			<u>125,430</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development (HUD)</u>				
Passed-through N.C. Dept. of Commerce:				
CDBG - State - Scattered Site Housing Project	14.228	11-C-2323	114,333	-
CDBG - State - Small Business	14.228	11-C-2336	122,300	-
CDBG - State - Tryon Equestrian Properties Water Project	14.228	13-E-2614	175,512	-
Total HUD			<u>412,145</u>	<u>-</u>
<u>U.S. Department of Transportation (DOT)</u>				
Federal Transit Administration:				
Passed-through the N.C. Dept. of Transportation:				
Public Transportation for Nonurbanized Areas:				
Administration	20.509	36233.83.15.1	145,635	9,101
Capital	20.509	36233.83.15.3	96,289	12,036
Governor's Highway Safety Program	20.600	52013.5.29	15,110	-
Governor's Highway Safety Program	20.600	52014.5.47	6,293	-
Total DOT			<u>263,327</u>	<u>21,137</u>
<u>U. S. Department of Homeland Security</u>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Division of Emergency Management:				
Emergency Management Assistance	97.006		31,644	-
<u>U.S. Department of Health and Human Services (DHHS)</u>				
Administration on Aging:				
Division of Aging and Adult Services:				
Passed-through Isothermal Planning and Development				
Commission:				
Aging Cluster:				
Special Programs for the Aging - Title III B				
Grants for Supportive Services and Senior Centers	93.044		15,539	25,354
Special Programs for the Aging - Title III C				
Nutrition Services	93.045		44,331	72,330
Nutrition Services Incentive Program	93.053		24,519	-
Total Aging Cluster			<u>84,389</u>	<u>97,684</u>

(Continued)

POLK COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2014

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
<u>U.S. Department of Health and Human Services (DHHS)</u>				
Administration for Children and Families:				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Foster Care and Adoption (NOTE B):				
Administration:				
Foster Care	93.658		\$ 23,761	\$ -
Title IV-E CPS	93.658		32,228	16,076
Title IV-E Adoption Training	93.659		1,909	-
Title IV-E Adoption/Off Trn	93.659		3,997	-
Title IV-E Foster Care	93.658		301	-
Title IV-E Foster Care Trn	93.658		1,884	-
Title IV-E Foster Care/Off Trn	93.658		50,216	-
Direct Benefit Payments:				
Title IV-E Adoption Subsidy & Vendor	93.659		167,573	43,722
Title IV-E County Paid to CCI	93.658		1,004	502
Title IV-E Foster Care	93.658		17,180	4,476
Title IV-E Foster Care in Excess	93.658		46,671	12,140
Total Foster Care and Adoption (NOTE B)			<u>346,724</u>	<u>76,916</u>
Temporary Assistance for Needy Families (TANF):				
Division of Social Services:				
TANF/Work First	93.558		22,371	-
TANF/Work First Service	93.558		99,040	-
TANF Payments & Penalties	93.558		132,230	(57)
Division of Child Development:				
TANF	93.558		76,335	-
Total TANF			<u>329,976</u>	<u>(57)</u>

(Continued)

POLK COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2014

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
<u>U.S. Department of Health and Human Services (DHHS)</u>				
Administration for Children and Families:				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Family Preservation	93.556		\$ 6,269	\$ -
AFDC Payments & Penalties	93.560		(533)	(146)
IV-D Offset-ESC	93.563		12	-
IV-D Offset-Fed	93.563		370	-
IV-D Administration	93.563		57,965	-
Permanency Planning-Spec	93.645		15,728	-
Adult Day Care Over 60	93.667		6,776	5,729
Adult Protective Service	93.667		14,160	-
In Home Services	93.667		1,470	-
In Home Services Over 60	93.667		2,068	-
CPS TANF to SSBG	93.667		70,905	-
Social Service Block Grant	93.667		54,851	6,656
LINKS	93.674		4,287	1,072
Independent Living Transitional--Direct Benefit Payment	93.674		4,792	-
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568		12,778	-
Crisis Intervention Program	93.568		64,696	-
Low Income Energy Assistance	93.568		75,900	-
Child Care Development Fund Cluster (NOTE B)				
Division of Social Services:				
Child Care Development Fund-Administration	93.596		80,000	-
Division of Child Development:				
Child Care and Development -- Discretionary	93.575		161,413	-
Child Care and Development Fund -- Mandatory	93.596		59,314	-
Child Care and Development Fund -- Match	93.596		72,897	31,278
Total Child Care Development Fund Cluster			<u>373,624</u>	<u>31,278</u>
Foster Care Title IV-E	93.658		4,890	2,553
Smart Start			-	396
State Appropriations			-	73,898
TANF-MOE			-	10,250
Total Subsidized Child Care (NOTE B)			<u>378,514</u>	<u>118,375</u>

(Continued)

POLK COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2014

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
<u>U.S. Department of Health and Human Services (DHHS)</u>				
Centers for Medicare and Medicaid Services:				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778		\$ 15,114,146	\$ 8,366,547
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778		334,369	7,806
State Children's Insurance Program:				
N.C. Health Choice	93.767		<u>15,326</u>	<u>702</u>
Total DHHS			<u>16,995,938</u>	<u>8,681,284</u>
State Awards:				
<u>N.C. Dept. of Commerce</u>				
One North Carolina Fund		2012-9093	<u>-</u>	<u>115,000</u>
<u>N.C. Dept. of Cultural Resources</u>				
Division of State Library				
Library Services			<u>-</u>	<u>74,485</u>
<u>N.C. Dept. of Environment and Natural Resources (NCDENR)</u>				
Division of Soil and Water Conservation:				
Technical Assistance Payments			<u>-</u>	<u>15,474</u>
<u>N.C. Dept. of Health and Human Services (NCDHHS)</u>				
Division of Aging and Adult Services				
General Purpose Funding			<u>-</u>	<u>3,917</u>
Division of Social Services:				
Direct Benefit:				
SC/SA Domiciliary Care			-	159,548
State Foster Home			-	49,360
CWS Adoption Subsidy & Vendor			-	127,986
SFHF Maximization			-	141,221
AFDC Incent/Program Integrity			-	478
Total Division of Social Services			<u>-</u>	<u>478,593</u>
Total NCDHHS			<u>-</u>	<u>482,510</u>
<u>N.C. Dept. of Juvenile Justice and Delinquency Prevention</u>				
Juvenile Crime Prevention Programs			<u>-</u>	<u>28,355</u>

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POLK COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2014

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Capital Fund:				
State ADM			\$ -	\$ 52,657
Lottery Proceeds			-	95,705
Total N.C. Dept. of Public Instruction			<u>-</u>	<u>148,362</u>
<u>N.C. Dept. of Administration</u>				
Division of Veterans:				
Veteran Affairs			-	1,452
<u>N.C. Dept. of Transportation (NCDOT)</u>				
Rural Operating Assistance Program (ROAP):				
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	53,714
ROAP Rural General Public Program		DOT-16CL	-	61,146
ROAP Work First Transitional - Employment Transportation Assistance Program		DOT-16CL	-	6,992
Total ROAP			<u>-</u>	<u>121,852</u>
Transit Development Program		DOT-11	-	5,648
Total NCDOT			<u>-</u>	<u>127,500</u>
<u>N.C. General Assembly</u>				
Passed-through the N.C. Rural Economic Development Center, Inc.:				
NC Economic Infrastructure Fund - Building Resuse and Restoration Program: Occupied Building Category Grant		2013-091-60501-118	-	113,227
Total State awards			<u>-</u>	<u>1,106,365</u>
Total Federal and State awards			<u>\$ 17,828,484</u>	<u>\$ 9,808,786</u>

POLK COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2014

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NOTE A-SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B-CLUSTERS

The following are clustered by the N.C. Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption.

NOTE C-REFUNDS

Certain expenditures that are shown as negative amounts represent refunds received for the respective programs.



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

**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***

To Polk County Board of Commissioners
Polk County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Polk County, North Carolina (the "County"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not

identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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 entity'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.

Asheville, North Carolina
October 29, 2014

Dixon Hughes Goodman LLP



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Independent Auditors' Report on Compliance For Each Major Federal Program; Report on Internal Control over Compliance; In Accordance with OMB Circular A-133; and the State Single Audit Implementation Act

To Polk County Board of Commissioners
Polk County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Polk County, North Carolina (the "County"), compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the County's major federal program for the year ended June 30, 2014. The County's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for the County's major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with requirements with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material

weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated October 29, 2014 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 County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 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.

Asheville, North Carolina
December 31, 2014

Dixon Hughes Goodman LLP



DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance with Applicable Sections of OMB Circular A-133; and the State Single Audit Implementation Act

To Polk County Board of Commissioners
Polk County, North Carolina

Report on Compliance for Each Major State Program

We have audited the Polk County, North Carolina (the "County"), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the County's major state program for the year ended June 30, 2014. The County's major state program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 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 on compliance for the County's major state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with requirements with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material

weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the State Single Audit Implementation Act

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated October 29, 2014 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 County's basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 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.

Asheville, North Carolina
December 31, 2014

Dixon Hughes Goodman LLP

POLK COUNTY, NORTH CAROLINA

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

Section I--Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not
considered to be material weaknesses? yes none reported

Non-compliance material to financial
statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not
considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major federal program: unmodified

Any audit findings (including reportable
conditions) disclosed that are
required to be reported in accordance
with Section 510(a) of Circular A-133? yes no

(continued)

POLK COUNTY, NORTH CAROLINA

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medical Assistance Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 534,855

Auditee qualified as low-risk auditee? X yes no

State Awards

Internal control over major state programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? yes X no

Type of auditors' report issued on compliance for major state program: unmodified

Identification of major state program:

Medical Assistance Program

POLK COUNTY, NORTH CAROLINA

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2014

Section II--Financial Statement Findings

There were none.

Section III--Federal Award Findings and Questioned Costs

There were none.

Section IV--State Award Findings and Questioned Costs

There were none.

POLK COUNTY, NORTH CAROLINA

Summary Schedule of Prior Audit Findings

June 30, 2014

There were no findings reported in 2012 or 2013.