

**POLK COUNTY, NORTH CAROLINA**

Compliance Reports

June 30, 2012

**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, 2012

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
<b>Federal Awards:</b>				
<b><u>U.S. Department of Agriculture (USDA)</u></b>				
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		\$ 112,108	\$ -
Food Stamp Fraud	10.561		4,105	-
Total Food Stamp Cluster			<u>116,213</u>	<u>-</u>
Passed through NC Dept. of Health and Human Services				
Division of Public Health				
Special Supplemental Nutrition Program for Women, Infant and Children--Direct Benefit payment				
	10.557		168,199	-
<b>Total USDA</b>			<u>284,412</u>	<u>-</u>
<b><u>U.S. Department of Housing and Urban Development (HUD)</u></b>				
Passed-through N.C. Dept. of Commerce:				
CDBG - NC Tomorrow	14.228		3,563	-
CDBG - State - Scattered Site Housing Project	14.228	08-C-1835	95	-
<b>Total HUD</b>			<u>3,658</u>	<u>-</u>
<b><u>U.S. Department of the Interior</u></b>				
Passed-through National Park Service:				
Historic Preservation Fund Grants in Aid-Alexander Ford	15.904		20,299	-
<b><u>U.S. Department of Transportation (DOT)</u></b>				
Federal Transit Administration:				
Passed-through the N.C. Dept. of Transportation:				
Public Transportation for Nonurbanized Areas:				
Administration	20.509	36233.83.11.1	204,446	19,451
ARRA - Capital	20.509	36233.83.10.3	37,604	-
Governor's Highway Safety Program	20.609	52012.14.9	44,956	-
<b>Total DOT</b>			<u>287,006</u>	<u>19,451</u>
<b><u>U. S. Department of Homeland Security</u></b>				
Passed-through N.C. Dept. of Crime Control and Public Safety:				
Division of Emergency Management:				
Emergency Management Assistance	97.006		29,549	-

**POLK COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2012

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
<b><u>U.S. Department of Health and Human Services (DHHS)</u></b>				
Administration on Aging:				
Division of Aging and Adult Services:				
Passed-through Isothermal Planning and Development				
Special Programs for the Aging - Title III D				
Disease Prevention & Health Promotions Services	93.043		\$ 660	\$ 42
Aging Cluster:				
Special Programs for the Aging - Title III B				
Grants for Supportive Services and Senior Centers	93.044		21,675	35,260
Special Programs for the Aging - Title III C				
Nutrition Services	93.045		30,893	44,455
Nutrition Services Incentive Program	93.053		<u>19,767</u>	<u>-</u>
Total Aging Cluster			<u>72,335</u>	<u>79,715</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 ( <b>NOTE B</b> ):				
Administration:				
Adoption/Foster Care	93.658		33,036	-
Title IV-E CPS	93.658		60,712	7,236
Title IV-E Adoption Training	93.659		6,662	-
Title IV-E Optional Adopt Training	93.659		4,785	-
Title IV-E Foster Care Trn	93.658		2,711	-
Direct Benefit payments:				
Title IV-E Adoption Subsidy & Vendor	93.659		177,647	47,539
Title IV-E Foster Care	93.658		24,734	6,840
Title IV-E Foster Care /Off Trn	93.658		<u>69,125</u>	<u>-</u>
Total Foster Care and Adoption ( <b>NOTE B</b> )			<u>379,412</u>	<u>61,615</u>
Temporary Assistance for Needy Families Cluster				
TANF - Special Children Adoption--Direct Benefit payment	93.558		21,600	-
TANF/Work First	93.558		24,403	-
TANF/Work First Service	93.558		109,925	-
TANF-Domestic Violence	93.558		6,293	-
TANF--Direct Benefit payment	93.558		141,506	-
TANF	93.558		78,581	-
ARRA – Emergency Contingency Fund for				
Tempo Asst for Needy Families State Program	93.714		<u>3,378</u>	<u>-</u>
Total TANF Cluster			<u>385,686</u>	<u>-</u>

**POLK COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2012

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
<b><u>U.S. Department of Health and Human Services (DHHS)</u></b>				
Administration for Children and Families:				
Passed-through the N.C. Dept. of Health and Human Services:				
IV-D Offset-ESC	93.563		\$ 17	\$ -
IV-D Offset-Fed	93.563		418	-
Permanency Planning-Spec	93.645		3,151	1,008
Adult Day Care Over 60	93.667		7,481	6,176
Adult Protective Service	93.667		13,575	-
In Home Services	93.667		2,394	-
CPS TANF to SSBG	93.667		61,360	-
IV-D Administration	93.563		62,667	-
Social Service Block Grant	93.667		67,453	6,694
Independent Living Transitional--Direct Benefit payment	93.674		(1,471)	-
Energy Assistance Payment--Direct Benefit payment	93.568		(250)	-
Low-Income Home Energy Assistance Block Grant:				
Administration	93.568		14,176	-
Crisis Intervention Program	93.568		98,177	-
Low Income Energy Assistance	93.568		30,000	-
Child Care Development Fund Cluster ( <b>NOTE B</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		159,809	-
Child Care and Development Fund -- Mandatory	93.596		65,475	-
Child Care and Development Fund -- Match	93.596		59,375	20,644
Total Child Care Development Fund Cluster			<u>364,659</u>	<u>20,644</u>
Foster Care Title IV-E	93.658		2,470	-
Smart Start			-	2,301
State Appropriations			-	129,279
TANF-MOE			-	81,441
Total Subsidized Child Care ( <b>NOTE B</b> )			<u>367,129</u>	<u>233,665</u>

**POLK COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2012

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
<b><u>U.S. Department of Health and Human Services (DHHS)</u></b>				
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		\$ 14,248,789	\$ 8,257,036
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778		267,805	8,554
State Children's Insurance Program:				
N.C. Health Choice	93.767		<u>16,232</u>	<u>716</u>
<b>Total DHHS</b>			<u>16,097,196</u>	<u>8,655,221</u>
<b>State Awards:</b>				
<b><u>N.C. Dept. of Cultural Resources</u></b>				
Division of State Library				
Library Services			<u>-</u>	<u>88,812</u>
<b><u>N.C. Dept. of Environment and Natural Resources (NCDENR)</u></b>				
Division of Solid Waste:				
Inactive Hazardous Sites			-	1,354
Division of Parks and Recreation:				
Parks and Recreation Trust Fund			-	112,557
Division of Soil and Water Conservation:				
Technical Assistance Payments			<u>-</u>	<u>15,381</u>
<b>Total NCDENR</b>			<u>-</u>	<u>129,292</u>
<b><u>N.C. Dept. of Health and Human Services (NCDHHS)</u></b>				
Division of Social Services:				
Direct Benefit:				
SC/SA Domiciliary Care				205,983
State Foster Home				41,598
CWS Adoption Subsidy & Vendor			-	113,495
SFHF Maximization				<u>64,646</u>
Total Division of Social Services			<u>-</u>	<u>425,722</u>
<b>Total NCDHHS</b>			<u>-</u>	<u>425,722</u>
<b><u>N.C. Dept. of Juvenile Justice and Delinquency Prevention</u></b>				
Juvenile Crime Prevention Programs			<u>-</u>	<u>52,884</u>
<b><u>N.C. Dept. of Public Instruction</u></b>				
Public School Building Capital Fund:				
Lottery Proceeds			<u>-</u>	<u>95,705</u>

**POLK COUNTY, NORTH CAROLINA**

Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2012

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
<b><u>N.C. Dept. of Administration</u></b>				
Division of Veterans:				
Veteran Affairs				
			\$ -	\$ 1,452
<b><u>N.C. Dept. of Transportation (NCDOT)</u></b>				
Rural Operating Assistance Program (ROAP)				
- ROAP Elderly and Disabled Transportation Assistance Program				
		DOT-16CL	-	54,316
- ROAP Rural General Public Program				
		DOT-16CL	-	45,783
- ROAP Work First Transitional - Employment Transportation Assistance Program				
		DOT-16CL	-	9,523
			-	109,622
<b><u>N.C. Dept. of Corrections</u></b>				
Criminal Justice Partnership Program				
			-	38,649
			<b>\$ 16,722,120</b>	<b>\$ 9,616,810</b>

# **POLK COUNTY, NORTH CAROLINA**

## **Schedule of Expenditures of Federal and State Awards**

**For the Year Ended June 30, 2012**

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### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

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#### **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.





**DIXON HUGHES GOODMAN** LLP  
Certified Public Accountants and Advisors

**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 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, as of and for the year ended June 30, 2012, which collectively comprises Polk County's basic financial statements and have issued our report thereon dated October 29, 2012. 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.

**Internal Control Over Financial Reporting**

Management of Polk County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Polk County 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 Polk County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Polk County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Polk County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

We noted other control deficiencies and operational matters that we have reported to management of the County in a separate letter dated October 29, 2012.

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

Asheville, North Carolina  
October 29, 2012

*Dixon Hughes Goodman LLP*



**DIXON HUGHES GOODMAN** LLP  
Certified Public Accountants and Advisors

**Report on Compliance with Requirements That Could Have a Direct and  
Material Effect on Each Major Federal  
Program and Internal Control over Compliance in Accordance with OMB  
Circular A-133 and the State Single Audit Implementation Act**

To Polk County Board of Commissioners  
Polk County, North Carolina

**Compliance**

We have audited the Polk County, North Carolina, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on Polk County's major federal program for the year ended June 30, 2012. Polk County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Polk County's management. Our responsibility is to express an opinion on Polk County's compliance based on our audit.

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

In our opinion, Polk 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, 2012.

### **Internal Control Over Compliance**

The management of Polk 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 Polk County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Polk County's internal control over compliance.

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

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

### **Schedule of Expenditures of Federal and State Awards**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Polk County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 29, 2012 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively

comprise Polk 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and State awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Asheville, North Carolina  
October 29, 2012

*Dixon Hughes Goodman LLP*



**DIXON HUGHES GOODMAN** LLP  
Certified Public Accountants and Advisors

**Report on Compliance with Requirements That Could Have a Direct and  
Material Effect on Each Major State  
Program and Internal Control over Compliance in Accordance with  
Applicable Sections of OMB Circular A-133  
and the State Single Audit Implementation Act**

To Polk County Board of Commissioners  
Polk County, North Carolina

**Compliance**

We have audited Polk County, North Carolina, 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 each major State program for the year ended June 30, 2012. Polk County's major State program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of Polk County's management. Our responsibility is to express an opinion on Polk 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 as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Polk 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 Polk County's compliance with those requirements.

In our opinion, Polk County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2012.

### **Internal Control Over Compliance**

The management of Polk 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 Polk County's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A—133 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 Polk County's internal control over compliance.

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

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

### **Schedule of Expenditures of Federal and State Awards**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Polk County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 29, 2012 which contained an

unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Polk 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Asheville, North Carolina  
October 29, 2012

*Dixon Hughes Goodman LLP*



**POLK COUNTY, NORTH CAROLINA**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2012

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**Section I--Summary of Auditors' Results**

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*Financial Statements*

Type of auditors' report issued: unqualified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted?            \_\_\_\_\_ yes              X   no

*Federal Awards*

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: unqualified

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

(continued)

**POLK COUNTY, NORTH CAROLINA**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2012

Identification of major programs:

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

Dollar threshold used to distinguish  
between Type A and Type B programs: \$ 501,664

Auditee qualified as low-risk auditee?             yes        X   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 Sate programs: unqualified

Identification of major State programs:

Medicaid Cluster

(continued)

**POLK COUNTY, NORTH CAROLINA**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2012

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**Section II--Financial Statement Findings**

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There were none.

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**Section III--Federal Award Findings and Questioned Costs**

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There were none.

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**Section IV--State Award Findings and Questioned Costs**

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There were none.

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**POLK COUNTY, NORTH CAROLINA**

Summary Schedule of Prior Audit Findings

June 30, 2012

2010-1	Finding has been corrected.
2010-2	Finding has been corrected.
2011-1	Finding has been corrected.