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## Federal Railroad Administration

### APPLICANT FINANCIAL CAPABILITY QUESTIONNAIRE

#### SECTION A: PURPOSE

Federal agencies are required to review and evaluate the potential risks posed by applicants prior to awarding Federal funds (2 C.F.R. § 200.205). The Federal Railroad Administration (FRA) considers a variety of factors and information in completing this risk assessment. FRA's evaluation may include the following: financial capability and/or stability of the applicant organization; quality of the organization's management and financial systems; history of past performance; and results of audits and/or reports.

Completion of this form is intended to assist FRA in evaluating the financial capability of the applicant organization. This form is to be completed by organizations applying for FRA programs that 1) have not previously completed this form or 2) have not had a current/active award with FRA within the last three years.

#### SECTION B: ORGANIZATION INFORMATION

1. NAME OF ORGANIZATION:

**Durham County Government**

2. NAME AND TITLE OF AUTHORIZED REPRESENTATIVE (individual who will accept the grant on behalf of your organization):

**Dr. Kimberly Sowell, County Manager**

3. YEAR ORGANIZATION WAS FOUNDED/INCORPORATED:

**1881**

4. EMPLOYER IDENTIFICATION NUMBER (EIN):

**566000297**

5. UNIQUE ENTITY IDENTIFIER:

**L J 5 B A 6 U 2 H L M 7**

6. PRIMARY ADDRESS OF THE ORGANIZATION:

**201 East Main Street  
Floor 7th  
Durham, NC 27701**

7. DOES THE ORGANIZATION HAVE A CURRENT ORGANIZATIONAL CHART?

YES  NO

IF YES, PLEASE PROVIDE A COPY

8. HAS YOUR ORGANIZATION RECEIVED FEDERAL ASSISTANCE FUNDS IN THE LAST 2 YEARS?  YES  NO

9. TOTAL OPERATING BUDGET IN THE PREVIOUS FISCAL YEAR:

**\$ 639,274,248.00**

#### SECTION C: ACCOUNTING SYSTEM

1. HAS ANY GOVERNMENT AGENCY RENDERED AN OFFICIAL WRITTEN OPINION CONCERNING THE ADEQUACY OF THE ACCOUNTING SYSTEM FOR THE COLLECTION, IDENTIFICATION AND ALLOCATION OF COSTS UNDER FEDERAL CONTRACTS/GRANTS?  YES  NO

1a. IF YES, PROVIDE NAME, AND ADDRESS OF AGENCY PERFORMING REVIEW:

1b. ATTACH A COPY OF THE LATEST REVIEW AND ANY SUBSEQUENT CORRESPONDENCE, CLEARANCE DOCUMENTS, ETC.

2. WHICH OF THE FOLLOWING BEST DESCRIBES THE ORGANIZATION'S ACCOUNTING SYSTEM?

MANUAL       AUTOMATED       COMBINATION

---

3. IS THE ORGANIZATION'S FINANCIAL MANAGEMENT PERFORMED IN-HOUSE (BY EMPLOYED STAFF) OR OUTSOURCED WITH CONTRACTED INDIVIDUALS?

IN-HOUSE       OUTSOURCED/CONTRACTED       COMBINATION

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4. DOES THE ORGANIZATION ANTICIPATE ANY SIGNIFICANT CHANGES TO ACCOUNTING SYSTEM IN THE NEXT 12 MONTHS?       YES       NO

IF YES, PLEASE EXPLAIN:

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5. DOES THE APPLICANT HAVE EFFECTIVE INTERNAL CONTROLS IN PLACE TO ENSURE THAT FEDERAL FUNDS ARE USED SOLELY FOR AUTHORIZED PURPOSES?

YES       NO

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6. DOES THE ORGANIZATION HAVE WRITTEN GRANTS MANAGEMENT POLICIES AND PROCEDURES FOR THE FOLLOWING:

6a. ACCOUNTING/FINANCIAL?       YES       NO      6b. PROCUREMENT?       YES       NO

6c. PROPERTY MANAGEMENT?       YES       NO      6d. PERSONNEL?       YES       NO

6e. TRAVEL?       YES       NO

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7. DOES THE ORGANIZATION MAINTAIN TIMESHEETS (OR TIME AND ACTIVITY REPORTS) FOR EMPLOYEES THAT TRACK ACTUAL EFFORT BY PROJECT COST OR OBJECTIVE?

YES       NO

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8. DOES THE ORGANIZATION HAVE A CURRENT AND APPROVED INDIRECT COST RATE?       YES       NO

---

9. DOES THE ACCOUNTING/FINANCIAL SYSTEM INCLUDE CONTROLS TO PREVENT INCURRING OBLIGATIONS IN EXCESS OF:

9a TOTAL FUNDS AVAILABLE FOR A GRANT?       YES       NO

9b TOTAL FUNDS AVAILABLE FOR A BUDGET COST CATEGORY (e.g. Personnel, Fringe Benefits, etc.)       YES       NO

---

10. ARE THE INDIVIDUALS RESPONSIBLE FOR ADMINISTERING GRANT FUNDS FAMILIAR WITH THE CURRENT REGULATIONS AND GUIDELINES ON ADMINISTRATION, COST PRINCIPLES AND AUDIT REQUIREMENTS FOR FEDERAL GRANTS (INCLUDING 2 C.F.R. 200)?       YES       NO

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**SECTION D: HISTORY OF PERFORMANCE**

1. HAS THE ORGANIZATION EVER HAD A FEDERAL AWARD SUSPENDED OR TERMINATED FOR NON-COMPLIANCE?       YES       NO

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**SECTION E: FINANCIAL STATEMENTS**


1. DID THE ORGANIZATION HAVE A FINANCIAL STATEMENT AUDIT IN ITS MOST RECENT FISCAL YEAR?       YES       NO

1a. WHEN IS THE ORGANIZATION'S FISCAL YEAR END?      06/30/2022

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2. IF THE ORGANIZATION HAD AN AUDIT IN ITS MOST RECENT FISCAL YEAR, IS THE REPORT AVAILABLE PUBLICLY?       YES       NO

IF YES, PLEASE PROVIDE LOCATION: (e.g. FEDERAL AUDIT CLEARINGHOUSE OR WEBSITE)

 <https://www.dconc.gov/home/showpublisheddocument/36228/637805359107870000>

IF NO, PLEASE PROVIDE A COPY.

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3. DID YOUR ORGANIZATION EXPEND \$750,000 OR MORE IN FEDERAL FUNDS IN THE MOST RECENT COMPLETED FISCAL YEAR?       YES       NO

**SECTION F: ADDITIONAL INFORMATION**

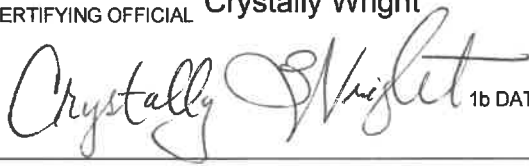
1. USE THIS SPACE FOR ANY ADDITIONAL INFORMATION (INDICATE SECTION AND ITEM NUMBERS IF A CONTINUATION). IF NEEDED, PLEASE ADD ADDITIONAL PAGE(S) AS REQUIRED.

**SECTION G: APPLICANT CERTIFICATION**

I CERTIFY THAT THE ABOVE INFORMATION IS COMPLETE AND CORRECT TO THE BEST OF MY KNOWLEDGE. \* (THE INDIVIDUAL CERTIFYING THIS FORM SHOULD BE FAMILIAR WITH THE ORGANIZATION'S MANAGEMENT AND FINANCIAL SYSTEMS.)

1. NAME OF THE CERTIFYING OFFICIAL **Crystally Wright**

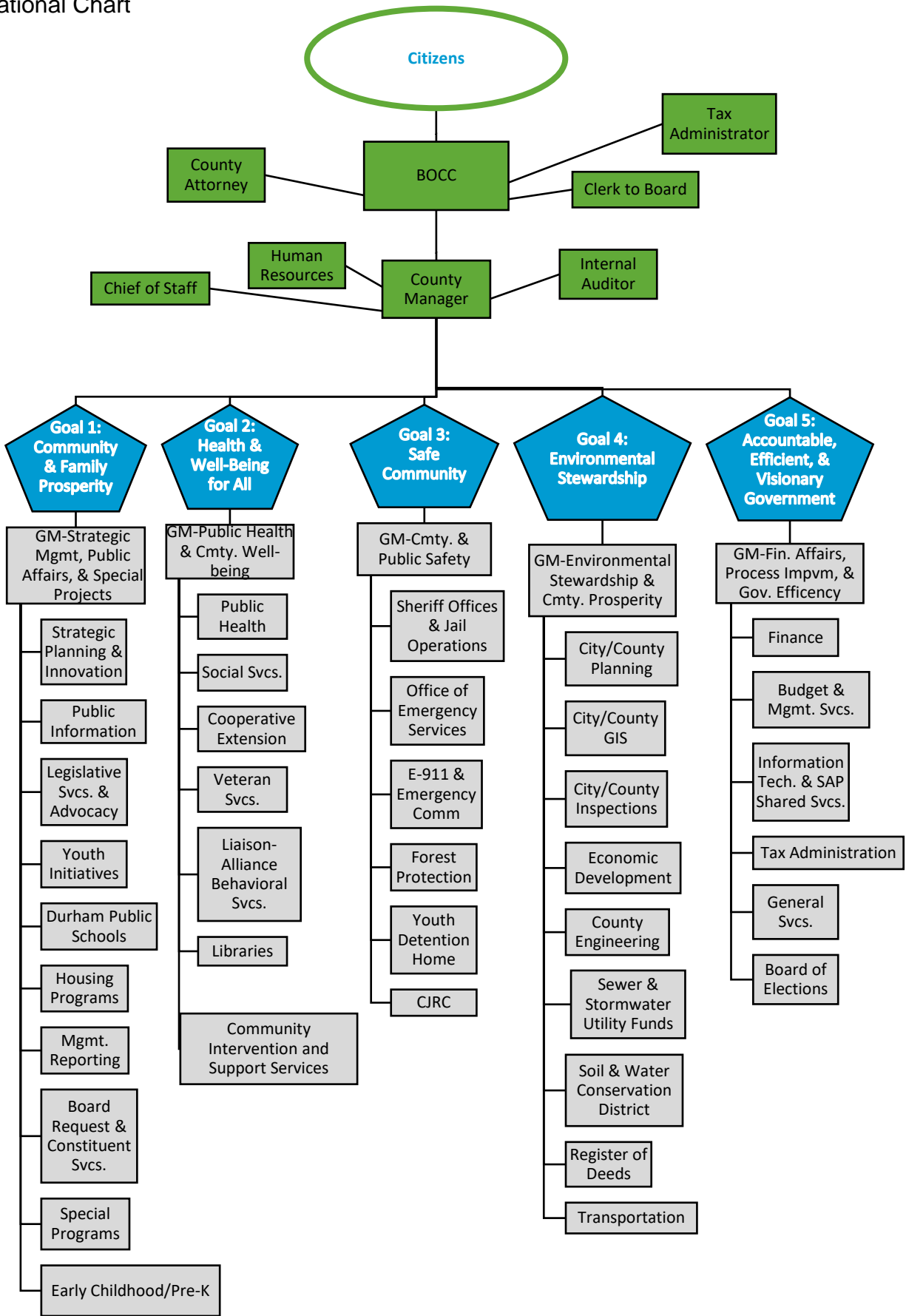
1a. SIGNATURE



1b DATE **9/30/2022**

1c. TITLE **Deputy CFO**

Durham County  
Organizational Chart



# **DURHAM COUNTY, NORTH CAROLINA**

## **COMPLIANCE REPORT**

*As of and for the Year Ended June 30, 2021*

*And Reports on Compliance and Internal Controls*

# DURHAM COUNTY, NORTH CAROLINA

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**Report of Independent Auditor 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  
Durham County, North Carolina  
Durham, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Durham County, North Carolina (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 27, 2022. Our report includes a reference to other auditors, who audited the financial statements of the Durham County ABC Board (the "Board"), as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. 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 of the financial statements, we considered the County's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 County'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 that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 result of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Cherry Berkant" followed by a stylized flourish.

Raleigh, North Carolina  
January 27, 2022



**Report of Independent Auditor on Compliance for Each Major Federal Program  
and on Internal Control over Compliance as Required by the Uniform Guidance  
and the State Single Audit Implementation Act**

Board of County Commissioners  
Durham County, North Carolina  
Durham, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Durham County, North Carolina's (the "County"), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2021. 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.

The County's basic financial statements include the operations of a discretely presented component unit, which is not included in County's schedule of expenditures of federal and state awards during the year ended June 30, 2021. Our audit, described below, did not include the operations of the discretely presented component unit since it was audited by other auditors.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether 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 each major federal program. However, our audit does not provide a legal determination on 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 each of its major federal programs for the year ended June 30, 2021.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

## **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, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 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 significant deficiencies or material weaknesses and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

**Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 27, 2022, which contained an unmodified opinion on those financial statements. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts for the discretely presented component unit, is based solely on the reports of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 taken as a whole.

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Raleigh, North Carolina  
January 27, 2022

**Report of Independent Auditor on Compliance for Each Major State Program  
and on Internal Control over Compliance as Required by the Uniform Guidance  
and the State Single Audit Implementation Act**

Board of County Commissioners  
Durham County, North Carolina  
Durham, North Carolina

**Report on Compliance for Each Major State Program**

We have audited Durham County, North Carolina's (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 each of the County's major state programs for the year ended June 30, 2021. 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.

The County's basic financial statements include the operations of a discretely presented component unit, which is not included in County's schedule of expenditures of federal and state awards during the year ended June 30, 2021. Our audit, described below, did not include the operations of the discretely presented component unit since it was audited by other auditors.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of 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 Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether 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 each major state program. However, our audit does not provide a legal determination on the County's compliance.

**Opinion on Each Major State Programs**

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 each of its major state programs for the year ended June 30, 2021.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with applicable sections of the Uniform Guidance as described in the Audit Manual for Governmental Auditors in North Carolina and which is described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002. Our opinion on each major state program is not modified with respect to these matters.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

## **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, we considered the County's internal control over compliance with 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 our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified one deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

## **Durham County's Response to Finding**

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

**Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 27, 2022, which contained an unmodified opinion on those financial statements. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts for the discretely presented component unit, is based solely on the reports of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 taken as a whole.

**Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Raleigh, North Carolina  
January 27, 2022

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2021

**SECTION I—SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_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 weakness(es)?   X  yes      \_\_\_\_\_no

Noncompliance material to federal awards? \_\_\_\_\_yes        X  no

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X  yes      \_\_\_\_\_no

Identification of major federal programs:

**Federal Assistance**

<u>Listing Number</u>	<u>Program/Cluster Name</u>
93.778	Medicaid Cluster
21.019	Coronavirus Relief Fund CARES ACT
93.667	Social Services Block Grant
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

Dollar threshold used to distinguish between Type A and Type B Programs \$1,276,990

Auditee qualified as low-risk auditee   X  yes      \_\_\_\_\_no

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

YEAR ENDED JUNE 30, 2021

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**SECTION I—SUMMARY OF AUDITOR’S RESULTS (CONTINUED)**

State Awards

Internal control over major state programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  no
- Noncompliance material to state awards?  yes  no

Type of auditor’s report issued on compliance for major state programs: Unmodified

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

Identification of major state programs:

**Program Name**

- Medicaid Cluster
- State Aid to Libraries
- Juvenile Crime Prevention (OJJ Program)
- Public School Building Fund (Lottery Funds)



**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

YEAR ENDED JUNE 30, 2021

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**SECTION II—FINDINGS AND QUESTIONED COSTS RELATED TO THE  
AUDIT OF FEDERAL AND STATE AWARDS**

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**II – Financial Statement Findings**

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None

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**III – Federal Award Finding and Questioned Cost**

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**U.S. Department of Health and Human Services**  
**Passed through N.C. Department of Health and Human Services, Division of Social Services**  
**Program Name: Medical Assistance Program (Medicaid; Title XIX)**  
**Federal Assistance Listing #: 93.778**

**Finding: 2021-001 (Repeat Quality Control Finding)**  
**Significant Deficiency Nonmaterial Noncompliance – Eligibility (Federal and State)**

**Criteria or Specific Requirement:** In accordance with Section 200.303 of the Uniform Grant Guidance, each non-federal entity must establish and maintain effective internal controls over the Federal award that provides assurance that the non-federal entity is managing the federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

**Condition:** We noted three instances in which corrective action on an eligibility case selected by the County's Quality Assurance Department was not remediated during the fiscal year. In addition to four instances in which corrective action on an eligibility case was not made.

**Context:** Out of 60 cases tested for eligibility, seven cases had case files that did not meet the County's documentation and process standards. Corrections to three cases were made during the review, four to ten months after the date of review. Corrections were not made to the remaining four cases.

**Known Questioned Costs:** There are no questioned costs as the participants were eligible for services being provided and there were no improper payments.

**Effect:** Case files were incomplete or did not adhere to the County's policies or procedures.

**Cause:** The County did not follow their policy on when remediation must occur.

**Recommendation:** We recommend that the County implement and adhere to a policy to ensure cases selected for quality review are remediated in a timely manner. Best practices in this regard are within 30 days.

**Views of Responsible Officials:** Management agrees with the finding.

**Corrective Action Plan:** See Corrective Action Plan prepared by the County.

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2021*

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**SECTION II—FINDINGS AND QUESTIONED COSTS RELATED TO THE  
AUDIT OF FEDERAL AND STATE AWARDS (CONTINUED)**

**U.S. Department of Health and Human Services**  
**Passed through N.C. Department of Health and Human Services, Division of Public Health**  
**Program Name: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)**  
**Federal Assistance Listing #: 93.323**

**Finding: 2021-002**  
**Nonmaterial Noncompliance – Reporting**

**Criteria or Specific Requirement:** The County is required to submit their fourth quarter report containing performance measures, performance monitoring, and quality assurance to the North Carolina Department of Health and Human Services (NC DHHS) by July 31, 2021.

**Condition:** The fourth quarter program report was received by the NC DHHS on August 13, 2021.

**Context:** The fourth quarter program was not submitted by the County by the required deadline.

**Questioned Costs:** None noted.

**Effect:** The County's quarterly program report was submitted beyond the deadline of July 31st.

**Cause:** Lack of oversight for required reporting deadlines.

**Recommendation:** Program management should schedule the required reporting deadlines on their team's calendar to ensure reports are submitted timely to program or grantee.

**Views of Responsible Officials:** Management agrees with the finding.

**Corrective Action Plan:** See Corrective Action Plan prepared by the County.

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**IV – State Award Findings and Questioned Costs**

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**Findings 2021-001 and 2021-002, as noted in Part III Federal Award Finding and Questioned Cost.**



## FINANCE DEPARTMENT

### SECTION III – SCHEDULE OF CORRECTIVE ACTION PLANS

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#### II – Financial Statement Findings

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None

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#### III – Federal Award Findings and Questioned Costs

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##### Finding 2021-001

##### Significant Deficiency Nonmaterial Noncompliance – Eligibility (Federal and State)

Name of Contact Person(s): Candice Leathers, Krystal Harris, Rhonda Stevens, Meghan Russ, Nancy Santos, and Latoya Chambers

QAT and County IS&T has revised the Past Due Error Report within the automated QC database to include creating a separate Error Corrections Report that will include the date the record was reviewed, date the correction was made (within 10 business days from the date of review), a date that the supervisor needs to enter the correction date (within 30 days of the review date), a column that calculates the number of days that the worker took to correct the case (shows the number of days over and under the Correction Due Date), and a column for Supervisor Verification date to track the timeliness of supervisors entering the correction date in the tool.

Propose completion date: **December 2021**

QAT is in the process of transitioning all QC tools to a new automated system called DoneSafe which will eliminate manual spreadsheets and workarounds.

Propose completion date: **July 2022**

QAT will provide refresher training to staff to reiterate the importance of correcting case errors timely.

Propose completion date: **January 2022**

FEI Supervisors will review QAT cases cited in error within 10 days of receipt to verify correction/rebuttal. Supervisors are to key the date corrected in the QC tool within 30 days of the review date. FEI Supervisors are to document this expectation has been reviewed in the weekly check-in meeting minutes.

Propose completion date: **January 2022**

**Finding 2021-002**

**Nonmaterial Noncompliance – Reporting (Federal and State)**

Name of contact person: Will Sutton and Elizabeth Stevens

Public Health staff will develop a timeline of reporting deadline dates for submission. The staff will then distribute this timeline schedule of reporting deadline dates to the appropriate Public Health staff responsible for these reporting submissions. Public Health Management staff will monitor the reporting process per this schedule to ensure the reporting has been submitted and a confirmation has been received.

Proposed completion date: **January 2022**

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**IV – State Award Findings and Questioned Costs**

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See County responses for the Federal Findings 2021-001 and 2021-002 as described above.

**DURHAM COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

*YEAR ENDED JUNE 30, 2021*

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**SECTION IV—SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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**II – Financial Statement Findings**

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None

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**III – Federal Award Findings and Questioned Costs**

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**Finding 2020-001**  
**Significant Deficiency - Eligibility (Federal and State)**  
Status: Uncorrected (Quality Control Finding 2021-001)

**Finding 2020-002**  
**Nonmaterial Noncompliance - Eligibility (Federal and State)**  
Status: Corrected

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**IV – State Award Findings and Questioned Costs**

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**Findings: 2020-001 and 2020-002 as noted in Part III Federal Award Finding and Questioned Cost**

**DURHAM COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

YEAR ENDED JUNE 30, 2021

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE NUMBER	PASS THROUGH SUBRECEIPIENT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES
<b>FEDERAL AWARDS</b>				
<b><u>U.S. Dept. of Agriculture</u></b>				
<b>Food and Nutrition Service</b>				
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>				
<b>Division of Social Services:</b>				
Administration:				
Food Stamp Cluster				
Food Stamp Administration	10.561	175NC406S2514	\$ 3,697,020	\$ -
<b>Food and Nutrition Service</b>				
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>				
<b>Division of Public Health:</b>				
Administration:				
Food Nutrition Administration	10.551	NONE	515,549	-
Total Food Stamp Cluster			<u>4,212,569</u>	<u>-</u>
Division of Aging:				
Special Programs for the Aging - Title III-C (MOW)	93.045	NONE	839,108	-
			<u>839,108</u>	<u>-</u>
<b>Passed-through the N.C. Dept. of Agriculture</b>				
<b>Food Distribution Division</b>				
	10.565	NONE	-	19,948
<b>Total U.S. Dept. of Agriculture</b>			<u><b>5,051,677</b></u>	<u><b>19,948</b></u>
<b><u>U.S. Dept. of Justice</u></b>				
<b>Bureau of Justice Assistance</b>				
<b>Passed-through the N.C. Dept. of Public Safety:</b>				
National Asset Seizure Forfeiture Program	16.000	NONE	4,224	-
<b>Total U.S. Dept. of Justice</b>			<u><b>4,224</b></u>	<u><b>-</b></u>
<b><u>U.S. Dept. of Housing and Urban Development</u></b>				
<b>Passed-through the Department of Commerce</b>				
Community Development Block Grant	14.228	NONE	393,968	-
<b>Passed-through the City of Durham</b>				
Housing Opportunities for Persons with Aids (HOWPA) Program	14.241	1460577CBE 1460577ABE	330,975	-
<b>Total U.S. Dept. of Housing and Urban Development</b>			<u><b>724,943</b></u>	<u><b>-</b></u>
<b><u>U.S. Dept. of Transportation</u></b>				
<b>Passed- through the N.C. Dept. of Transportation</b>				
<b>Division of Public Transportation</b>				
Gov Highway Safety Program	20.600	NONE	-	1,177
<b>Total U.S. Dept. of Transportation</b>			<u><b>-</b></u>	<u><b>1,177</b></u>

**DURHAM COUNTY, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)**

YEAR ENDED JUNE 30, 2021

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE NUMBER	PASS THROUGH SUBRECEIPT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES
<b><u>U.S. Dept. of Treasury</u></b>				
<b>Passed-through the N.C. Office of State Budget and Management:</b>				
Coronavirus Relief Fund CARES ACT (EOC)	21.019	20-1892-0-1-806	11,266,844	-
State Board of Election	21.019	NONE	180,143	-
<b>Total U.S. Dept. of Treasury</b>			<b>11,446,987</b>	<b>-</b>
<b><u>U.S. Dept. of Health and Human Services</u></b>				
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>				
<b>Division of Public Health:</b>				
Public Health Emergency Preparedness	93.069	12642680EX 1460272CNF	80,000	-
CDC Tuberculosis Project	93.116	1460455400	113,750	-
Prescription Drug Overdose (Community Linkage Care)	93.136	1175B837DH	84,288	-
CDC Immunization	93.268	1331627DVP	65,251	-
Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	1320559900	8,195	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	56-2721-1-1-101	659,736	-
COVID-19 Crisis Response	93.354	NONE	195,954	-
Immunization and Vaccines for Children	93.268	CDC-RFA-IP19-901	120,437	-
Tobacco Control Program	93.305	75-0943-0-1-551	88,396	-
			<b>1,416,007</b>	<b>-</b>
HIV Prevention Activities - Health Department Based	93.940	13A1570000 13114541BN 1311981FHV 13114536BN	232,161	383,423
Preventive Health Service STD Control Grant	93.977	13114601RR	-	7,370
<b>HIV Cluster</b>			<b>232,161</b>	<b>390,793</b>
<b>Health Resources and Service Administration</b>				
<b>Division of Public Health:</b>				
Family Planning Services	93.217	13A1592BFP 13A15735AP	274,076	445,353
Preventive Health Services Block Grant (Healthy Communities)	93.991	13A15107AP	-	29,128
Maternal Health	93.994	13A15740AP	168,901	-
MCH Block Grant -Women's Prevention	93.994	12715021AP	433,953	-
-Child Care Coordination	93.994	12715318AP 1271574500	76,548	-
-Child Health	93.994	12715351AP	17,415	-
			<b>970,893</b>	<b>474,481</b>
<b>Total Public Health</b>			<b>2,619,061</b>	<b>865,274</b>

# DURHAM COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

YEAR ENDED JUNE 30, 2021

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE NUMBER	PASS THROUGH SUBRECEIPT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES
<b>U.S. Dept. of Health and Human Services</b>				
<b>Administration for Children and Families</b>				
<b>Passed-through N.C. Dept. of Health and Human Services:</b>				
<b>Division of Social Services:</b>				
Foster Care and Adoption Cluster:				
IV-E CPS	93.658	1701NCFOST	440,688	210,304
IV-E Foster Care TRN	93.658	1701NCFOST	46,014	-
IV-E Foster Care/OFF TRN	93.658	1701NCFOST	1,509,997	-
IV-E Optional Adopt	93.659	1701NCADPT	3,000	-
IV E Foster Care	93.659	1701NCFOST	281,106	-
<b>Total Foster Care and Adoption Cluster</b>			<b>2,280,805</b>	<b>210,304</b>
Community Response Program - ADMIN	93.556	G1601NCFPSS	99,926	-
Family Perservation	93.556	G1601NCFPSS	85,998	-
Work First Administration	93.558	1701NCTANF	691,288	-
Work First Service	93.558	1701NCTANF	1,846,839	-
Title IV D - Child Support Enforcement	93.563	1704NC4005	3,548,026	-
Refugee Assistance	93.566	1701NCRCMA	31,757	-
Low Income Energy Admistration	93.568	G17B1NCLIEA	297,505	-
Low Income Home Energy Assistance Program	93.568	G17B1NCLIEA	843,248	-
Crisis Intervention	93.568	G17B1NCLIEA	570,914	-
Child Care Development Fund (CCDF)	93.596	NONE	814,487	-
Perm Plan SVC & ADMIN	93.645	G1701NCCWSS	77,135	-
SSBG - Other Service and Training	93.667	G1701NCSOSR	1,591,078	-
Independent Living - (LINK)	93.674	1701NC1420	110,453	12,425
<b>Division of Aging:</b>				
SSBG - In Home Service Fund	93.667	G1701NCSOSR	57,623	-
SSBG - Adult Protective Service	93.667	G1701NCSOSR	34,941	-
SSBG - Adult Day Care	93.667	G1701NCSOSR	13,355	15,554
<b>Sub-Total Aging Division</b>			<b>10,714,573</b>	<b>27,979</b>
<b>Division of Child Development:</b>				
Temporary Assistance for Needy Families	93.558	1701NCTANF	6,692	-
<b>Total Administration for Children and Families</b>			<b>13,002,070</b>	<b>238,283</b>
<b>Health Care Financing Administration</b>				
<b>Passed-through the N.C. Dept. of Health and Human Services:</b>				
<b>Division of Medical Assistance:</b>				
Division of Social Services:				
Administration:				
Health Choice	93.767	CHIP17	350,890	-
<b>Total of Social Services</b>			<b>350,890</b>	<b>-</b>
Adult Care Home Case Management	93.778	XIX-MAP17	233,717	39,208
Medical Assistance Administration	93.778	XIX-MAP17	8,348,237	-
Medical Transportation Administration	93.778	XIX-MAP17	228,416	-
State County Special Assistance	93.778	XIX-MAP17	245,413	-
Medical -MAC	93.778	XIX-MAP17	310,707	-
<b>Total Division of Medical Assistance</b>			<b>9,366,490</b>	<b>39,208</b>
<b>Total U.S. Dept. of Health and Human Services</b>			<b>22,368,560</b>	<b>277,491</b>
<b>Total Federal Awards</b>			<b>42,566,342</b>	<b>1,163,890</b>



**DURHAM COUNTY, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)**

YEAR ENDED JUNE 30, 2021

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ASSISTANCE NUMBER	PASS THROUGH SUBRECEIPIENT'S NUMBER	FEDERAL (DIRECT & PASS-THROUGH) EXPENDITURES	STATE EXPENDITURES
<b>STATE AWARDS</b>				
<b><u>N.C. Dept. of Health and Human Services</u></b>				
Division of Social Services:				
State Foster Home		NONE	-	500
CPS / CWS - State		NONE	-	179,501
Energy Assistance Private Grant		NONE	-	524
Total Division of Social Services			-	180,525
Division of Public Health:				
State Aid to Counties		1161411000	-	165,473
General Communicable Diseases Control		1175451000	-	14,777
School Nurse Funding Initiative		1332535800	-	83,854
Long Acting Reversible Contraception		NONE	-	15,250
Total Division of Public Health			-	279,354
<b><u>N.C. Dept. of Cultural and Natural Resources</u></b>				
State Aid To Libraries		NONE	-	243,700
			-	243,700
<b><u>N.C. Department of Environmental Quality</u></b>				
Soil and Water Conservation		NONE	-	214,880
			-	214,880
<b><u>N.C. Division of Child Development</u></b>				
Passed-through Durham's Partnership for Children:				
Smart Start Initiative		NONE	-	190,267
<b><u>N.C. Dept. of Public Safety</u></b>				
Juvenile Crime Prevention (OJJ Program)		NONE	-	639,982
Children, Youth, & Family At Risk		NONE	-	11,000
Safe Road Funds		NONE	-	8,008
TECS		NONE	-	91,154
Total N.C. Dept. of Public Safety			-	750,144
<b><u>N.C. Dept. of Public Instruction</u></b>				
Child Nutrition Program		1332530100	-	22,315
<b><u>Office of State Budget and Management</u></b>				
Public School Building Capital Fund		NONE	-	720,245
<b>Total State Awards</b>			-	2,601,430
<b>TOTAL FEDERAL AND STATE AWARDS</b>			<b>\$ 42,566,342</b>	<b>\$ 3,765,320</b>

\* \$2,520,382 of pass through to subrecipients (City of Durham)

See the accompany footnotes to the schedule of expenditures of federal and state awards.

## **DURHAM COUNTY, NORTH CAROLINA**

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

*YEAR ENDED JUNE 30, 2021*

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#### **Note 1—General**

The schedule of expenditures and federal and state awards (the "Schedule") presents the activities of all federal and state financial award programs of Durham County, North Carolina (i.e. primary government only) for the year ended June 30, 2021. The Durham County, North Carolina (the "County") reporting entity is defined in Note 1 to the County's basic financial statements. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included in the Schedule. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements* ("Uniform Guidance") for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Durham County, it is not intended to present the financial position, changes in net assets or cash flows of Durham County.

#### **Note 2—Basis of accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the County's basic financial statements. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### **Note 3—Cluster of programs**

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

**DURHAM COUNTY, NORTH CAROLINA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**(CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

**Note 4—Schedule of revenues, expenditures, and changes in fund balance for the CDBG Program**

From inception and for the fiscal year ended June 30, 2021:

	Actual				Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Totals to Date	
Revenues:					
Federal grant					
11-C-2309 Scattered site	\$ 399,878	\$ 399,878	\$ -	\$ 399,878	\$ -
06-D-2405 Community Development Block Grant	600,000	600,000	-	600,000	-
SFR-10 Single Family Rehabilitation	273,027	273,027	-	273,027	-
SFR-13 Single Family Rehabilitation	167,585	167,585	-	167,585	-
Interest income	-	2,147	11	2,158	2,158
<b>Total revenues</b>	<b>1,440,490</b>	<b>1,442,637</b>	<b>11</b>	<b>1,442,648</b>	<b>2,158</b>
Expenditures:					
11-C-2309 Scattered site					
Contracted services	399,878	399,878	-	399,878	-
06-D-2405 Community Development Block Grant					
Contracted services	599,430	599,430	-	599,430	-
Advertising	570	570	-	570	-
SFR-10 Single Family Rehabilitation					
Contracted services	273,027	273,027	-	273,027	-
SFR-13 Single Family Rehabilitation					
Contracted services	167,585	167,585	-	167,585	-
	<b>1,440,490</b>	<b>1,440,490</b>	<b>-</b>	<b>1,440,490</b>	<b>-</b>
Revenues over (under) expenditures	<b>\$ -</b>	<b>\$ 2,147</b>	<b>11</b>	<b>\$ 2,158</b>	<b>\$ 2,158</b>
Fund balance, beginning of year			<b>2,147</b>		
Fund balance, end of year			<b>\$ 2,158</b>		

**Notes:**

- (1) The SFR-10 Single Family Rehabilitation has more than one funding source. This schedule includes the authorization and financial activity for the SFR-10 Single Family Rehabilitation funding only.
- (2) The Rougemont Community Water System Project has more than one funding source. This schedule includes the authorization and financial activity for the 06-D-2405 Community Development Block Grant (CDBG) funding only.