



**REQUEST FOR PROPOSAL  
FOR  
AUDITING SERVICES**

**FEBRUARY 5, 2019**

113 N. Main Street  
Hendersonville, NC 28792

HENDERSON COUNTY, NC

The Board of Commissioners of Henderson County (hereinafter called the "County"), invites qualified independent auditors (hereinafter called "auditor") having sufficient governmental accounting and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP) to submit a proposal.

There is no expressed or implied obligation for the County to reimburse firms for any expenses incurred in preparing proposals in response to this request.

The specific details shown herein shall be considered minimum unless otherwise shown. The specifications, terms, and conditions included with this RFP shall govern in any resulting contract(s) unless approved otherwise in writing by the County. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Henderson County, North Carolina.

### **Type of Audit**

The audit will encompass a financial and compliance examination of the County's Comprehensive Annual Financial Report (CAFR) in accordance with the laws and/or regulations of the State of North Carolina, which include requirements for the minimum scope of the audit. The financial and compliance audit will cover federal, state and local funding sources in accordance with Generally Accepted Auditing Standards (GAAS); *Government Auditing Standards*, July 2011 revisions; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the State Single Audit Implementation Act; and all other applicable laws and regulations.

### **Period**

The County intends to continue the relationship with the auditor for no less than three (3) years on the basis of annual negotiation after the completion of the first year contract. Each year after negotiation has taken place, an annual contract documenting the terms of the audit will be signed. Since one governing board may not obligate future governing boards, the remaining years of the agreement are subject to annual governing board approval. The awarded contract will include the required non-appropriations clause. The County reserves the right to request proposals at any time following the first year of this contract. Thus, prepare proposals for the following years, with year one being the only obligated year:

July 1, 2018 to June 30, 2019

July 1, 2019 to June 30, 2020

July 1, 2020 to June 30, 2021

### **Requirements**

The audit must be conducted in accordance with generally accepted auditing standards; Government Auditing Standards issued by the Comptroller General of the United States; Office of Management and

Budget Uniform Guidance, the State Single Audit Implementation Act of 1996, and any other applicable procedures for the audit of a government's financial statements prepared in accordance with GAAP.

The auditor will assist in the preparation of most year-end adjusting journal entries. The auditor will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the basic financial statements, supplementary information and compliance reports. The Henderson County Finance Director will be actively involved in the MD&A, and other schedules section preparation. The auditor will submit a draft of the Financial Statements to be reviewed in detail by the Finance Director. This draft should be submitted to the County in time to allow ample review and corrections. The timing of this should insure final completion of the Financial Statements no later than the annual October 31st deadline.

The County prefers interim fieldwork be completed in late April or May. Year-end fieldwork should begin by early September and be completed by September 30th. An agreed upon post-closing trial balance must exist by October 15th. The Finance Officer will expect a listing of requested information needed for the audit at the preplanning conference, periodic conferences during the conduct of the audit, as well as an exit conference prior to the completion of fieldwork.

A preliminary draft of the audit and required journal entries must be submitted to the Finance Director by October 15th for proofing and reconciliation to the unit's records.

The audit must be completed and reports rendered four months following the fiscal year end, by October 31st.

The auditors should be available to present the Financial Statements to the Board of Commissioners at a regular meeting following the completion of the audit. The auditors should also be available to meet with County Management, upon request.

Twenty (20) bound copies of each audit report, management letter, and other applicable reports as well as two (2) CDs or USBs with all documents in PDF format must be supplied to the Finance Director within the time frame cited above. In addition, the auditor is responsible for submitting the required two copies to the staff of the Local Government Commission (LGC). Any other copies required will be charged on an as needed basis in addition to the quoted fee.

The financial audit opinion will cover the financial statements for the governmental activities, the business-type activities, the financial statements of the aggregate blended and discretely presented component units, each major fund, and the remaining fund information, which collectively constitutes the basic financial statements. The combining and individual financial statements, schedules, and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information, as required by GASB 34, will be subject to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The auditor shall also express an opinion on the budgetary

comparison information for the general fund, the major funds, and any annually budgeted special revenue funds. An opinion will not be given on the Management Discussion and Analysis.

The working papers shall be retained and made available upon request for no less than three years from the date of the audit report.

In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work. An amended contract will be approved by the governing board and forwarded to the staff of the LGC for approval.

**Audit Contract & Payment of Audit Fees**

The audit contract must be approved by the staff of the Local Government Commission. Invoices are subject to approval by the LGC staff prior to processing by the County. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the staff of the Local Government Commission and their approval of the audited financial statements.

**Other Services**

The auditor will be responsible for preparation of the Henderson County Tourism Development Authority's (a component unit of Henderson County) annual audit, which also requires electronic submission to the Local Government Commission. (Please submit a separate cost estimate for this audit.)

The auditor will prepare, type, and print the audited Comprehensive Annual Financial Report. The auditor will submit a draft for review by the Finance Director. The Finance Director will return the draft with proposed revisions within 10 working days. The timing of this should ensure completion of the report no later than the October 31<sup>st</sup> deadline.

The auditor will prepare the Federal Data Collections Form and submit to appropriate agencies as required.

The auditor will review the Schedule of Federal and State Awards as prepared by the County.

**Description of Selection Process**

Five copies of each section of the proposal should be submitted at the time and place indicated under the section entitled "Time Schedule for Awarding Contract."

Proposals will be submitted in two sections. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The second section will be comprised of the firm's audit approach and costs. The firm best meeting the County's expectations for experience and audit approach will be selected.

PLEASE KEEP IN MIND THAT COST, WHILE AN IMPORTANT FACTOR, WILL NOT BE THE DETERMINING FACTOR.

The County requests that no Henderson County officials be contacted during this process. The Finance Director may be contacted only to clarify questions concerning the RFP.

The County reserves the right to reject any or all bids, waive technicalities, and to be the sole judge of suitability of the services for its intended use and further specifically reserve the right to make the award in the best interest of the County.

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid.

### **FIRST SECTION**

The first section should address the requested information below. The corresponding responses should begin with the number below for the requested information.

1. Indicate the number of people (by level) located within the local office that will handle the audit.
2. Provide a list of the local office's current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contracted for a reference.
3. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.
4. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.
5. Describe the professional experience in governmental audits of each senior and higher level person assigned to the audit, the years on each job, and his/her position while on each audit. Indicate the percentages of time each senior and higher-level personnel will be on site. Again, relevant experience with the new reporting model should be clearly communicated.
6. Describe the relevant educational background of each person assigned to the audit, senior level and higher. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.

7. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., utilities, solid waste, transit, or health authorities and school systems).
8. Describe any specialized skills, training, or background in public finance of assigned individuals. This may include participation in State or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.
9. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), July 2011 Revision. Provide a copy of the firm's Statement of Policy and Procedures.
10. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.
11. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

## **SECOND SECTION**

The second section should address the requested information below. Please submit this section separate from the first, with a separate cover page.

Proposals should include completed cost estimate sheets and any other necessary cost information in a *separate, sealed* envelope marked – “Cost Estimate.”

This second section should consist of completed cost estimate sheets, which will include the following information:

1. Provide information for the firm's primary contact with the County.
2. Information that will be contained in the management letter.
3. Assistance expected from the government's staff, if other than outlined in the RFP.
4. Organization of the audit team and the approximate percentage of time spent on the audit by each member.
5. Tentative schedule for completing the audit within the specified deadlines of the RFP.
6. Specify costs using the format below for the audit year July 1, 2018 to June 30, 2019. For the two audit years which follow, list the estimated costs. The cost for the audit year ending June 30, 2019 is binding, while the second and third years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a “not-to-exceed” amount.

- A. Personnel costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour.
    - 1. Estimated hours – categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the auditor’s office.
    - 2. Rate per hour.
    - 3. Total cost for each category of personnel and for all personnel costs in total.
  - B. Travel – itemize transportation and other travel costs separately.
  - C. Cost of supplies and materials – itemize.
  - D. Other costs – completely identify and itemize, including but not limited to fees for Agreed Upon Procedures, any variable costs for testing of major programs over a certain number, as applicable, etc.
  - E. If applicable, note your method of determining increases in audit costs on a year to year basis
7. List any other information the firm may wish to provide.
8. Include the Summary of Audit Costs Sheet (attached) with your proposal.

**Time Schedule for Awarding the Contract**

Responses to the Request for Proposal must be received by 2:00PM on March 1, 2019. Five (5) copies of each section of the bid (see below) should signed by an authorized official and mailed in a sealed envelope indicating the name of the firm. The envelope should be clearly marked, “RESPONSE TO RFP FOR AUDIT SERVICES”. Responses should be submitted to:

Henderson County  
Attn: Samantha R. Reynolds, CPA  
113 N. Main Street  
Hendersonville, NC 28792

All submittals must be valid for 90 days from the response deadline. However, the contract is expected to be awarded by April 2019. Submissions received after the response deadline will be rejected without exception.

Henderson County reserves the right to reject any or all proposals or to select the proposal, which in its opinion, is in the best interest of the County. The County further reserves the right to waive any minor

irregularities in the process. Minority owned and operated businesses are encouraged to participate in the submission process.

Any inquiries should be directed to Samantha Reynolds at [sreynolds@hendersoncountync.gov](mailto:sreynolds@hendersoncountync.gov).

## **Description of the County and Its Accounting System**

### **Entity**

Henderson County is a local government in North Carolina with a population of approximately 115,659. The County operates three (3) enterprise funds: Landfill, Cane Creek Water and Sewer District and Justice Academy Sewer. The County maintains several other funds as documented in the County's financial reports.

Based on the criteria set forth in GASB Statement 14, the following component unit organizations will be included in the audit:

Henderson County Hospital Corporation  
Henderson County Tourism Development Authority

### **Funds**

For information on Henderson County funds and financials, the auditor should make reference to Henderson County's audit report for the year ended June 30, 2018, which can be viewed on the County's website at [www.hendersoncountync.gov](http://www.hendersoncountync.gov). (Click Departments, Finance, Financial Reports). Previously issued audited financial statements for Henderson County Tourism Development Authority, (a component unit of Henderson County) are available upon request.

### **Grants, Entitlements, and Shared Revenues**

A copy of the Schedule of Expenditures of Federal and State Awards for the year ended June 30, 2018 is enclosed with this RFP. Also included is a Summary of the Auditor's Results showing the major programs for the prior year.

### **Budgets**

The County budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the departmental level. The unit also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide easy comparison with actual expenditures.



### **Accounting Records**

The County maintains all its accounting records at the Finance Department located at 113 N. Main Street, Hendersonville, North Carolina, 28792. The County uses MUNIS software ERP for its financial accounting and reporting functions.

### **Assistance Available to Auditor**

A planning meeting will be held during interim fieldwork each year to determine any schedules or information the County will be responsible for preparing. County personnel will make every effort to perform the necessary accounting procedures and complete agreed up documents no later than dates set each year during the initial planning meeting. Adequate notification will be given prior to any changes in estimated times. The County is aware of and understands the need to provide assistance to the auditor and will make every attempt to meet agreed upon deadlines.

## HENDERSON COUNTY SUMMARY OF AUDIT COSTS SHEET

1. Base Audit  
Includes Personnel costs, travel, and on-site work      \$ \_\_\_\_\_
2. Financial Statement Preparation      \$ \_\_\_\_\_
3. Extra Audit Service  
\$ \_\_\_\_\_ per hour      \$ \_\_\_\_\_
4. Other (explain)  
\_\_\_\_\_      \$ \_\_\_\_\_
5. Other (explain)  
\_\_\_\_\_      \$ \_\_\_\_\_
- TOTAL**      \$ \_\_\_\_\_

Firm:	Primary Contact:
Address:	Telephone:
	Fax:
	Email:
Authorized Signature:	
Title	Date:

# HENDERSON COUNTY TOURISM DEVELOPMENT AUTHORITY SUMMARY OF AUDIT COSTS SHEET

- 1. Base Audit  
Includes Personnel costs, travel, and on-site work      \$ \_\_\_\_\_
  
- 2. Financial Statement Preparation      \$ \_\_\_\_\_
  
- 3. Extra Audit Service  
    \$ \_\_\_\_\_ per hour      \$ \_\_\_\_\_
  
- 4. Other (explain)  
    \_\_\_\_\_      \$ \_\_\_\_\_
  
- 5. Other (explain)  
    \_\_\_\_\_      \$ \_\_\_\_\_
  
- TOTAL**      \$ \_\_\_\_\_

Firm:	Primary Contact:
Address:	Telephone:
	Fax:
	Email:
Authorized Signature:	
Title	Date:

**HENDERSON COUNTY  
NORTH CAROLINA**

**COMPLIANCE LETTERS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**



# HENDERSON COUNTY, NORTH CAROLINA

## COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2018

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# MARTIN STARNES

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## & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

### **Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

#### **Independent Auditor's Report**

To the Board of Commissioners  
Henderson County  
Hendersonville, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henderson County, North Carolina, as of and for the year ended June 30, 2018, not presented here, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 21, 2018. Our report includes a reference to other auditors who audited the financial statements of the Henderson County Hospital Corporation as described in our report on Henderson County's financial statements. The financial statements of the Henderson County Hospital Corporation and the Henderson County Tourism Development Authority 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 Henderson County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Henderson County's internal control. Accordingly, we do not express an opinion on the effectiveness of Henderson 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 internal control was for 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Henderson County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

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

Henderson County's response to the 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 the financial statements and accordingly, we express no opinion on it.

### **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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 21, 2018

# MARTIN STARNES

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## & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

### **Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; Report On The Schedule Of Expenditures Of Federal And State Awards; Required By Uniform Guidance And The State Single Audit Implementation Act**

#### **Independent Auditor's Report**

To the Board of County Commissioners  
Henderson County  
Hendersonville, North Carolina

#### **Report On Compliance for Each Major Federal Program**

We have audited Henderson County, North Carolina's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Henderson County's major federal programs for the year ended June 30, 2018. Henderson County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### **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 Henderson 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Those standards, Uniform Guidance, 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 Henderson 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 of Henderson County's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Henderson County complied, in all material respects, with the types of compliance requirements referred to above that have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

### **Report On Internal Control Over Compliance**

Management of Henderson 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 Henderson County's internal control over compliance 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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Henderson County's internal control over compliance.

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 have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2018-004 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002 and 2018-003 to be significant deficiencies.

Henderson County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Henderson County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henderson County, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Henderson County's basic financial statements (not presented herein). We issued our report thereon dated November 21, 2018, 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 Henderson 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 the Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 21, 2018

# MARTIN STARNES & ASSOCIATES, CPAs, P.A.

*"A Professional Association of Certified Public Accountants and Management Consultants"*

## **Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; Report On The Schedule Of Expenditures Of Federal And State Awards; Required By Uniform Guidance And The State Single Audit Implementation Act**

### **Independent Auditor's Report**

To the Board of County Commissioners  
Henderson County  
Hendersonville, North Carolina

#### **Report On Compliance for Each Major State Program**

We have audited Henderson County, North Carolina's, 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 Henderson County's major state programs for the year ended June 30, 2018. Henderson County's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### **Management's Responsibility**

Management is responsible for compliance with 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 Henderson 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* 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 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 Henderson 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 of Henderson County's compliance.

### **Opinion on Each Major State Program**

In our opinion, Henderson 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, 2018.

### **Report On Internal Control Over Compliance**

Management of Henderson 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 Henderson County's internal control over compliance 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 our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 Henderson County's internal control over compliance.

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 have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2018-004 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002 and 2018-003 to be significant deficiencies.

Henderson County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Henderson County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Henderson County, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Henderson County's basic financial statements (not presented herein). We issued our report thereon dated November 21, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Henderson 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 Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
November 21, 2018

**HENDERSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Section I – Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified?                      X   Yes                           No
- Significant deficiency (s) identified?                       Yes                      X   None Reported

Non-compliance material to financial statements noted?

  X   Yes                           No

**Federal Awards**

Internal control over major federal programs:

- Material weakness (es) identified?                      X   Yes                           No
- Significant deficiency (s) identified?                  X   Yes                           None reported

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 Program/Cluster Name**

**CFDA#**

Medicaid Cluster	93.778
TANF Cluster	93.558
Adoption Assistance	93.659
Foster Care Title IV-E	93.658

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

       Yes                      X   No





**HENDERSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Section II – Financial Statement Findings**

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**Finding: 2018-001**

**MATERIAL NON-COMPLIANCE**  
**MATERIAL WEAKNESS**

**OVER BUDGET: Statute Violation**

**Criteria:** General Statutes require that all money received and expended by a local government should be included in the budget ordinance. The statutes require that funds be appropriated before incurring the obligation for funds and that amounts be pre-audited prior to disbursements being made. These requirements imply that management has a responsibility to design a system to monitor its compliance with the budget ordinance and the General Statutes pertaining to local government finance.

**Condition:** In the current year, there were violations of the N.C. General Statute 159-8(a) by the County with regard to expenditures exceeding appropriations in the Schools Capital Projects Fund, Fire Districts Fund, and the Landfill Fund, and, therefore, a failure in the pre-audit requirement.

**Effect:** Budget amendments were not completed and approved by the Board during the current year causing the Schools Capital Projects Fund, Fire Districts Fund, and the Landfill Fund to be over-expended.

**Cause:** Lack of budget monitoring by management. The County expended more than what had been appropriated because budget amendments were not made for those items.

**Recommendation:** Management and the Board should ensure that amounts are pre-audited prior to disbursement of funds and proper review of budget reports is completed to ensure compliance in future years.

**View of Responsible Officials and Planned Corrective Actions:** The County agrees with this finding and will adhere to the Corrective Action Plan on page 17.

**HENDERSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

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**US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX), Adoption Assistance, Foster Care Title IV-E, Temporary Assistance for Needy Families

CFDA # 93.778, 93.659, 93.658, 93.558

Pass-through/Grant Number: XIX-MAP18, 1801NCADPT, 1801NCFOST, 1801NCTANF

**Finding: 2018-002**

**SIGNIFICANT DEFICIENCY**

**Criteria:** In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the state network terminals or personal computers that are connected to the state mainframe.

**Condition:** Upon surprise inspection, one unattended work station of a DSS employee was logged onto the state network without anyone attending to the work stations.

**Context:** While performing testing of internal control over compliance related to the Division of Social Services, we noted the above condition.

**Effect:** Unauthorized access to the state system could be obtained due to the unattended logon to the system throughout the DSS building.

**Cause:** Lack of proper internal controls over data security.

**Questioned Costs:** The finding represents an internal control issue; therefore, no questioned costs are applicable.

**Recommendation:** Require the County Data Processing Department to implement procedures to require logout of workstations where access to the state DSS system is granted. The control procedures should include random verification of logout in instances where offices are unattended.

**View of Responsible Officials and Planned Corrective Actions:** The County agrees with this finding and will adhere to the corrective action plan on page 18 of the audit report.

**HENDERSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

---

**US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services

Program Name: Adoption Assistance

CFDA # 93.659

Pass-through/Grant Number: 1801NCADPT

**Finding: 2018-003**

**SIGNIFICANT DEFICIENCY**

**Criteria:** In accordance with 45 CFR 1356, documentation must be maintained to support eligibility determinations.

**Condition:** The County Department of Social Services failed to provide evidence of a check of the child abuse and neglect registry (Responsible Individuals List) for one applicant. Upon further review, applicant was still eligible.

**Context:** Of the 222 casefiles, we examined 45 and determined that one (2%) applicant received benefits during the fiscal year without a current check of the child abuse and neglect registry.

**Effect:** Casefiles were missing the required documentation of a check of the child abuse and neglect registry, which could allow benefits to be provided to individuals who are not eligible.

**Cause:** Caseworker failed to obtain or retain the proper eligibility documentation.

**Questioned Costs:** None. The County was able to substantiate that the applicant was eligible to receive benefits.

**Recommendation:** Caseworkers should process all new and recertifying applicants and retain documentation of such in the applicant's casefile.

**View of Responsible Officials and Planned Corrective Actions:** The County agrees with this finding and will adhere to the corrective action plan on page 19 of the audit report.

**HENDERSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

---

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

---

**US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Pass-through/Grant Number: XIX-MAP18

**Finding: 2018-004**

**MATERIAL WEAKNESS**

**Criteria:** In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific income standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management must have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals.

**Condition:** One of the applicant's Notice of Benefits was not sent timely; upon further review, it was noted the applicant was still eligible. Three applicants did not show the correct values based on supporting documentation or have any documentation for real property, liquid assets, and/or vehicles and other personal property verifications for the certification period covering the dates of service we tested. These criteria are part of the total resources computed accurately compliance requirement; upon further review, it was determined they were still eligible. One case file did not contain verification of the most current Adoption Agreement; upon further review, it was determined they were still eligible.

**Context:** Of the 398,874 Medicaid benefit payments valued at \$86,009,062, we examined 96, valued at \$35,669. We determined that the above condition applied to five benefit payments. One payment (1%) lacked the documentation. Four (4%) payments had missing or incorrect documentation. Upon further review it was determined that all benefit payments were made to eligible participants.

**Effect:** Case files could be missing the required documentation, which could allow benefits to be provided to individuals who were not eligible.

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit, 2017-002.

**Cause:** Caseworker failed to send the proper forms. Caseworker failed to maintain eligibility documentation in casefile. System reopened a case that had been properly closed by the County.

**Questioned Costs:** The finding represents an internal control issue; therefore, no questioned costs are applicable. Upon further review, each applicant was eligible to receive benefits for Medicaid.

**HENDERSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

---

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

---

**Recommendation:** Caseworkers should review their eligibility determinations and ensure all items on their checklist of items required are complete before approving benefits and contained in the casefile.

**View of Responsible Officials and Planned Corrective Actions:** The County agrees with this finding and will adhere to the Corrective Action Plan on page 20.

**HENDERSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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

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**N.C. Department of Health and Human Services**

Program Name: Medical Assistance Program (Medicaid; Title XIX), Foster Care (1801NCFOST) & Adoption Assistance (1801NCADPT)

**Finding: 2018-002** – In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the state network terminals or personal computers that are connected to the state mainframe. See more details at Finding 2018-002 in Section III – Federal Award Findings and Questioned Costs.

**N.C. Department of Health and Human Services**

Program Name: Foster Care (1801NCFOST) & Adoption Assistance (1801NCADPT)

**Finding: 2018-003** – In accordance with 45 CFR 1356, documentation must be maintained to support eligibility determinations. See more details at Finding 2018-003 in Section III – Federal Award Findings and Questioned Costs.

**N.C. Department of Health and Human Services**

Program Name: Medical Assistance Program (Medicaid; Title XIX)

**Finding: 2018-004** – In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific income standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management must have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals. See more details at Finding 2018-004 in Section III – Federal Award Findings and Questioned Costs.



Finance Department  
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**Samantha R. Reynolds, CPA**  
Finance Director  
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**Randall L. Cox**  
Assistant Finance Director  
[rcox@hendersoncountync.org](mailto:rcox@hendersoncountync.org)

### **Corrective Action Plan for Audit Finding**

**Finding: 2018-001**

**Name of Contact Person:** Samantha Reynolds, Finance Director

**Corrective Action Plan:** Management agrees with the condition, cause and recommendation. Management and the Board will ensure pre-audit of expenditures is completed prior to disbursement of funds to maintain compliance going forward.

**Proposed completion date:** Management and Board will implement the above procedure immediately.





**CORRECTIVE ACTION PLAN  
FINDING 2018 - 002**

The Department of social Services agrees with this finding and will address its corrections as indicated below.

- All staff members will be required to view a remedial training presentation advising them of the importance of data security and the need for proper internal controls.
- Management staff will document attendance with training rosters and will actively provide the same training to new hires. **Date of Completion: 11-7-2018**
- Supervisors will continue their monthly Data Security walk through and will coach employees requiring improvement.
- Contact person: Sandy Morgan, [morgans@hendersoncountydss.org](mailto:morgans@hendersoncountydss.org), 828-694-6310

We are appreciative that the audit results reflect the dedicated efforts of our fine staff.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Jerrie McFalls', is written on a light green rectangular background.

Jerrie McFalls, Director  
Henderson County Department of Social Services



**CORRECTIVE ACTION PLAN  
FINDING 2018 – 003**

The Department of Social Services agrees with this finding and will correct the deficiency by:

- Providing the Administrative Change Notice correction letter from the Child Welfare Division dated 08/09/2018 regarding clarification of Responsible Individuals List (RIL) check as a requirement for Adoption Assistance Eligibility. **Anticipated Date of Completion: 12/14/18**
- Providing training to all staff having the role of Adoption Assistance Eligibility on how to check RIL and how to file the RIL documents in the AA file for retention. **Anticipated Date of Completion: 12/14/18**
- Contact person: Kevin Marino, [marinok@hendersoncountydss.org](mailto:marinok@hendersoncountydss.org), 828-694-6303

Our agency wishes to thank you for the collaboration and work in the single audit.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Jerrie McFalls', is written on a light green rectangular background.

Jerrie McFalls, Director  
Henderson County Department of Social Services

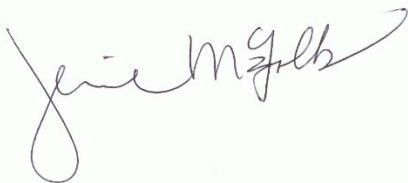
**CORRECTIVE ACTION PLAN  
FINDING 2018 – 004**

The Department of Social Services agrees with this finding and will address its correction as indicated below:

- Documentation – what to document according to program guidelines and the proper places inside the NCFAST system to record documentation. **Date of Completion: 10/25/18**
- Verification of Resources – workers will be reminded of current policies in their Medicaid program areas and the types of acceptable verifications. **Date of Completion: 11/8/18**
- Update of the current county Scanning Checklist -- used by workers to record and document in one place all verifications that they have scanned in various systems on the date they determine eligibility. The Checklist for recertifications and applications will be updated to include a county devised document that will record resource resolution that is not covered in the NCFAST system. **Anticipated Date of Completion: 12/14/18**
- Contact person: Sandy Morgan, [morgans@hendersoncountydss.org](mailto:morgans@hendersoncountydss.org), 828-694-6310

Henderson County Department of Social Services is appreciative of the diligent efforts of our Single Auditors. Further, we are appreciative that the audit results reflect the dedicated efforts of our fine staff.

Respectfully Submitted,



Jerrie McFalls, Director  
Henderson County Department of Social Services

**HENDERSON COUNTY, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Finding: 2017-001**

**Status:** Corrected.

**Finding: 2017-002**

**Status:** Modified and repeated as finding 2018-004.

**HENDERSON COUNTY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-Through Grantor Number</b>	<b>Fed.(Direct and Pass-Through) Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>
<b>Federal Awards:</b>					
<b><u>U. S. Department of Agriculture</u></b>					
Food and Nutrition Service					
Passed-Through N.C. Department of Health and Human Services:					
Division of Social Services:					
<u>Supplemental Nutrition Assist. Program (SNAP) Cluster:</u>					
Administration:					
State Administrative Matching Grants for the					
Supplemental Nutrition Assistance Program					
	10.561	404, 405 417	\$ 732,667	\$ -	\$ -
Total Supplemental Nutrition Assist. Program Cluster					
			732,667	-	-
Passed-Through N.C. Department of Health and Human Services:					
Division of Public Health					
Administration:					
WIC Special Supplemental Nutrition Program for Women,					
Infants, and Children					
	10.557	13A25403GG	427,481	-	-
<b>Total U.S. Department of Agriculture</b>					
			1,160,148	-	-
<b><u>U.S. Department of Justice</u></b>					
Direct Program:					
Equitable Sharing Program					
	16.922	NC0450000	30,120	-	-
<b>Total U.S. Department of Justice</b>					
			30,120	-	-
<b><u>U.S. Department of Treasury</u></b>					
Direct Program:					
Equitable Sharing Program					
	21.016	NC0450000	122,688	-	-
<b>Total U.S. Department of Treasury</b>					
			122,688	-	-
<b><u>U.S. Department of Transportation</u></b>					
<b><u>Federal Transit Administration</u></b>					
Passed-Through N.C. Department of Transportation:					
<u>Federal Transit Cluster:</u>					
Federal Transit Formula Grants:					
Administration					
	20.507	NC-90-X503-00	52,285	-	-
Capital					
	20.507	NC-90-X530-00	190,060	-	-
Total Federal Transit Cluster					
			242,345	-	-
<b>Total U.S. Department of Transportation</b>					
			242,345	-	-
<b><u>U.S. Department of Homeland Security</u></b>					
<b><u>Federal Emergency Management Agency (FEMA)</u></b>					
Passed-Through N.C. Department of Public Safety:					
Division of Emergency Management:					
Homeland Security Grant Program					
	97.067	EMW-2016-SS-00011-S01	14,315	-	-
Emergency Management Performance Grants					
	97.042	EMW-2015-EP-00011-S01	53,017	-	-
Pre-Disaster Mitigation Grant					
	97.047	DPS 1506-8064-536902	8,200	-	-
Hazard Mitigation Grant Program (HMPG) -					
FEMA - Hurricane Harvey and Party Rock Fire					
	97.039	4285-DR-NC/5161-DR-NC	304,534	-	276,911
Hazard Mitigation Grant Program (HMPG) -					
FEMA - Hurricane Harvey TX EMAC					
	97.039	1262-RR-6287	51,587	-	48,611
<b>Total U.S. Department of Homeland Security</b>					
			431,653	-	325,522
<b><u>U. S. Department of Health and Human Services</u></b>					
<b><u>Administration for Children and Families</u></b>					
Passed-Through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
Social Services Block Grant - State In Home Services					
	93.667	150, 151	60,576	-	-
Social Services Block Grant - State Adult Day Care					
	93.667	30	39,270	35,910	-
Social Services Block Grant - APS					
	93.667	170	15,460	-	-
Social Services Block Grant - CPS TANF to SSBG					
	93.667	127	142,550	-	-
Social Services Block Grant - Other Service and Training					
	93.667	387, 390, 393	289,874	-	-
Child Support Enforcement					
	93.563	123, 423, 430	394,462	-	-
<u>Special Children Adoption Fund Cluster (Note 4):</u>					
Promoting Safe and Stable Families					
	93.556	220	143,244	-	-
Total Special Children Adoption Fund Cluster (Note 4)					
			143,244	-	-
<u>Refugee and Entrant Assistance Cluster (Note 4):</u>					
Refugee and Entrant Assistance State/Replacement					
Designee Administered Programs					
	93.566	403	401	-	-
Total Refugee and Entrant Assistance Cluster (Note 4)					
			401	-	-

**HENDERSON COUNTY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-Through Grantor Number</b>	<b>Fed.(Direct and Pass-Through) Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>
Low Income Home Energy Assistance Block Grant:					
Low Income Home Energy Assistance - Administration	93.568	406	49,477	-	-
Low Income Home Energy Assistance - Crisis Intervention Program	93.568	372	300,644	-	-
Low Income Home Energy Assistance	93.568	352	317,358	-	-
Child Welfare Services - State Grants -					
Stephanie Tubbs Jones Child Welfare Services Program	93.645	368,464,465	29,064	-	-
Chafee Foster Care Independence Program - Admin	93.674	290,291	16,495	4,124	-
Chafee Foster Care Independence Program - Direct Benefits	93.674	091255869	22,032	-	-
Total Division of Social Services			<u>1,820,907</u>	<u>40,034</u>	<u>-</u>
<b>Temporary Assistance for Needy Families Cluster</b>					
Division of Public Health:					
Temporary Assistance for Needy Families	93.558	1801NCTANF - 13A15151T245	8,165	-	-
Division of Social Services:					
Temporary Assistance for Needy Families (TANF)/ Work First - Admin	93.558	1801NCTANF- 151,052,058	<u>848,508</u>	<u>-</u>	<u>-</u>
Total Temporary Assistance for Needy Families Cluster			<u>856,673</u>	<u>-</u>	<u>-</u>
<b>Foster Care and Adoption Cluster (Note 4):</b>					
Division of Social Services:					
Administration:					
Foster Care Title IV-E- Administration	93.658	1801NCFOST - 302,304	574,369	-	-
Foster Care Title IV-E- Adoption	93.658	1801NCFOST - 091255869	195,192	23,557	-
Foster Care Title IV-E - CPS	93.658	1801NCFOST - 274	113,195	145,646	-
Adoption Assistance	93.659	1801NCADT - 091255869	42,577	-	-
Direct Benefits Payments:					
Foster Care Title IV-E	93.658	1801NCFOST - 091255869	<u>397,244</u>	<u>106,997</u>	<u>-</u>
Total Foster Care and Adoption Cluster (Note 4)			<u>1,322,577</u>	<u>276,200</u>	<u>-</u>
<b>Subsidized Child Care Cluster (Note 4)</b>					
<b>Child Care Development Fund Cluster:</b>					
Division of Social Services:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund - Administration	93.596	364	125,027	-	-
Total Child Care Fund Cluster			<u>125,027</u>	<u>-</u>	<u>-</u>
State Appropriations	XXXX	XXXX	-	530	-
Total Subsidized Child Care Cluster (Note 4)			<u>125,027</u>	<u>530</u>	<u>-</u>
<b>Total Administration for Children and Families</b>			<u>4,125,184</u>	<u>316,764</u>	<u>-</u>
<b>Centers for Medicare and Medicaid Services</b>					
Passed-Through N.C. Department of Health and Human Services:					
Division of Medical Assistance:					
Division of Social Services:					
<b>Medicaid Cluster:</b>					
Administration:					
Medical Assistance Program	93.778	XIX-MAP18 - 421,412,478	3,479,464	24,694	-
Total Medicaid Cluster			<u>3,479,464</u>	<u>24,694</u>	<u>-</u>
Division of Social Services:					
Administration:					
Children's Health Insurance Program - N.C. Health Choice	93.767	440,441	212,836	15	-
Total Division of Medical Assistance			<u>3,692,300</u>	<u>24,709</u>	<u>-</u>
<b>Centers for Disease Control and Prevention</b>					
Passed-Through N.C. Department of Health and Human Services:					
Division of Public Health:					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHPP) Aligned Cooperative Agreements	93.074	12642680EW	36,828	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Program	93.116	1460272ANF	50	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	126C5503PF	39,984	-	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	1271121AEF	5,000	-	-
<b>HIV Cluster (Note 4):</b>					
Sexually Transmitted Diseases (STD) Prevention and Control Grants Total HIV Cluster (Note 4)	93.977	1320310DJS	<u>692</u>	<u>-</u>	<u>-</u>
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	1331627CVP	17,938	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	1320310AD7	14,790	-	-

**HENDERSON COUNTY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-Through Grantor Number</b>	<b>Fed.(Direct and Pass-Through) Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>
<b><u>Health Resources and Services Administration</u></b>					
Passed-Through N.C. Department of Health and Human Services:					
Division of Public Health:					
Maternal and Child Health Services Block Grant to the States	93.994	13A15700045	75,297	56,479	-
<b><u>Office of the Population Affairs</u></b>					
Passed-Through N.C. Department of Health and Human Services:					
Division of Public Health:					
Family Planning Services	93.217	126C5503PF	38,610	-	-
Total Division of Public Health			229,189	56,479	-
<b><u>Administration for Community Living</u></b>					
Passed-Through Land of the Sky Regional Council:					
<b><u>Aging Cluster:</u></b>					
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers-Legal	93.044	17/18AANCT3SS	24,843	1,461	26,304
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	17/18AANCT3SS	137,435	286,213	423,648
Special Programs for the Aging, Title III, Part C1, Nutrition Services	93.045	17/18AANCT3CM	15,597	917	16,514
Special Programs for the Aging, Title III, Part C2, Nutrition Services	93.045	17/18AANCT3HD	125,888	127,431	253,319
Nutrition Services Incentive Program	93.053	17/18AANCTNSIP	48,273	-	48,273
Total Aging Cluster			352,036	416,022	768,058
Social Services Block Grant - Respite	93.667	NC-01	19,781	565	20,346
Total Administration for Community Living			371,817	416,587	788,404
<b>Total U. S. Department of Health and Human Services</b>			8,418,490	814,539	788,404
<b>Total Federal Awards</b>			10,405,444	814,539	1,113,926
<b>State Awards:</b>					
<b><u>N.C. Department of Cultural and Natural Resources</u></b>					
Division of Parks and Recreation:					
Recreation Trails Program Grant	XXXX	5429	-	18,405	-
Parks and Recreation Trust Fund	XXXX	2017-831	-	350,000	-
Division of State Library:					
LSTA Technology Grant	XXXX	NC-15-63	-	3,069	-
State Aid to Public Libraries	XXXX	XXXX	-	144,819	-
<b>Total N.C. Department of Cultural and Natural Resources</b>			-	516,293	-
<b><u>N.C. Department of Environmental Quality</u></b>					
Water Resources Development Project Grant	XXXX	XXXX	-	65,830	-
Environmental Health	XXXX	NCAS16001C4516	-	19,369	-
Waste Reduction/Recycle Grant Program	XXXX	7257	-	18,635	-
Electronics Management Grant Program	XXXX	ELECO16034	-	9,129	-
<b>Total N.C. Department of Environmental Quality</b>			-	112,963	-
<b><u>N.C. Department of Health and Human Services</u></b>					
Division of Public Health:					
Other Receipts / State Supported Expenditures					
Food and Lodging Fees	XXXX	11534752SZ	-	17,369	-
Mosquito and Tick Suppression	XXXX	1153480100	-	2,000	-
Breast and Cervical Cancer Program	XXXX	132055990045	-	8,160	-
Child Health	XXXX	127157450045	-	13,780	-
General Aid to Counties	XXXX	116141100045	-	91,763	-
Public Health Nursing	XXXX	116143010	-	1,000	-
General Communicable Disease Control	XXXX	117545100045	-	2,586	-
Women Health Service Fund	XXXX	13A16016FR45	-	9,668	-
School Nurse Funding Initiative	XXXX	133253580045	-	100,000	-
PCM for Women Ineligible for Medicaid	XXXX	13A151070045	-	14,134	-
Maternal Health	XXXX	13A157400045	-	7,134	-
Family Planning - State	XXXX	13A157350045	-	3,399	-
HIV / STD State	XXXX	13114536RQ	-	12,500	-
Gonorrhea Partner Services	XXXX	13114601BN	-	365	-
TB Control	XXXX	146045510045	-	12,262	-
Total Division of Public Health			-	296,120	-

**HENDERSON COUNTY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-Through Grantor Number</b>	<b>Fed.(Direct and Pass-Through) Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>
Division of Social Services:					
Administration:					
State Child Welfare/CPS/CS LD	XXXX	115, 117	-	130,205	-
Energy Assistance - Private Grants	XXXX	397	-	3,527	-
AFDC Incent/Prog Integrit	XXXX	267	-	158	-
Direct Benefit Payments:					
State Foster Home / SFHF Maximization	XXXX	XXXX	-	117,657	-
Extended Foster Care Maximization Non Title IV-E	XXXX	XXXX	-	61,033	-
Total Division of Social Services			-	312,580	-
<b>Total N.C. Department of Health and Human Services</b>			-	608,700	-
<b><u>N.C. Department of Public Safety</u></b>					
Division of Juvenile Justice:					
Juvenile Crime Prevention Council Programs	XXXX	XXXX	-	199,188	199,188
<b>Total N.C. Department of Public Safety</b>			-	199,188	199,188
<b><u>N.C. Department of Commerce</u></b>					
One North Carolina Fund - Industrial Recruitment	XXXX	2014-16031	-	165,000	-
<b>Total N.C. Department of Commerce</b>			-	165,000	-
<b><u>N.C. Department of Public Instruction</u></b>					
Public School Building Capital Fund - Lottery	XXXX	XXXX	-	910,920	-
<b>Total N.C. Department of Public Instruction</b>			-	910,920	-
<b><u>N.C. Department of Transportation</u></b>					
DOT Cluster:					
ROAP Elderly and Disabled Transportation Assistance Program	XXXX	DOT-16CL	-	142,502	142,502
ROAP Rural General Public Program (RGP)	XXXX	DOT-16CL	-	116,389	116,389
ROAP Workfirst Transitional Employment Assistance Program	XXXX	DOT-16CL	-	34,242	34,242
Total DOT Cluster			-	293,133	293,133
Public Transportation Division					
State Maintenance Assistance Program	XXXX	DOT1904829557	-	166,689	-
<b>Total N.C. Department of Transportation</b>			-	459,822	293,133
<b>Total State Awards</b>			-	2,972,886	492,321
<b>Total Federal and State Awards</b>			\$ 10,405,444	\$ 3,787,425	\$ 1,606,247

**Notes to the Schedule of Expenditures of Federal and State Financial Awards:**

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State awards (SEFSA) includes the federal and State grant activity of Henderson County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Henderson County, it is not intended to and does not present the financial position, changes in net position or cash flows of Henderson County.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Indirect Cost Rate**

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

**Note 4: Cluster of Programs**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption, Special Children Adoption Fund, Refugee and Entrant Assistance, and HIV Clusters.