

COMPLIANCE SECTION

- * Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards
- * Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act.
- * Report on Compliance with Requirements Applicable to Each Major State Program and Internal control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act.
- * Schedule of Findings and Questioned Costs
- * Corrective Action Plan
- * Summary Schedule of Prior Audit Findings
- * Schedule of Expenditures of Federal and State Awards



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of County Commissioners
Harnett County, North Carolina

We have audited the basic financial statements of Harnett County, North Carolina, as of and for the year ended June 30, 2003, and have issued our report thereon dated October 22, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Harnett County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings and questioned costs as Items 03-1 and 03-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Harnett County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Harnett County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 03-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We noted other matters involving the internal control over financial reporting that we have reported to management of Harnett County in a separate letter dated October 22, 2003.

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

Cherry, Bekaert & Holland, LLP

Fayetteville, North Carolina
October 22, 2003



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

Board of County Commissioners
Harnett County, North Carolina

Compliance

We have audited the compliance of Harnett County, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2003. Harnett County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Harnett County's management. Our responsibility is to express an opinion on Harnett County's compliance based on our audit.

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

In our opinion, Harnett County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Harnett County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Harnett County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Cherry, Behart + Holland, LLP

Fayetteville, North Carolina
October 22, 2003



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

Board of County Commissioners
Harnett County, North Carolina

Compliance

We have audited the compliance of Harnett County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2003. Harnett County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Harnett County's management. Our responsibility is to express an opinion on Harnett County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133 as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether 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 Harnett County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Harnett County's compliance with those requirements.

In our opinion, Harnett County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of Harnett County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Harnett County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Cherry, Bokart & Holland, LLP

Fayetteville, North Carolina
October 22, 2003

HARNETT COUNTY, NORTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2003

SECTION I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses Yes None reported
- Noncompliance material to financial statements noted Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified Yes No
- Reportable condition(s) identified that are not considered to be material weaknesses Yes None reported

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
Subsidized Child Care Cluster:	
93.558	Temporary Assistance for Needy Families
93.575	Child Care Development Fund Discretionary
93.596	Child Care Development Fund, Mandatory/Match
93.667	Social Services Block Grant
N/A	TANF Maintenance of Effort
N/A	TANF Maintenance of Effort – Smart Start
N/A	State Appropriations
N/A	Smart Start
93.778	Title XIX - Medicaid
10.557	Special Supplemental Food Program for Women, Infants and Children
Foster Care and Adoption Assistance Cluster:	
93.658	Title IV-E Foster Care
93.659	Title IV-E Adoption Subsidy
93.558	Temporary Assistance for Needy Families
93.603	Federal Adoption Incentive

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year Ended June 30, 2003

SECTION I. Summary of Auditor's Results (continued)

Identification of major federal programs: (continued)

CFDA Numbers Names of Federal Program or Cluster (continued)
11.300 Grants for Public Works and Economic Development Facilities

Dollar threshold used to distinguish
between Type A and Type B Programs \$ 2,137,417

Auditee qualified as low-risk auditee? X Yes No

State Awards

Internal control over major State programs:

- Material weakness(es) identified Yes X No
- Reportable condition(s) identified
that are not considered to be
material weaknesses Yes X None reported

Type of auditor's report issued on compliance for major State programs: Unqualified

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

Identification of major State programs:

Program Name
Special Assistance to Adults
Public School Building Bonds
North Carolina Drinking Water Bond Loan Program
Smart Start (Tested with Subsidized Child Care Cluster)
TANF – Maintenance of Effort (Tested with Subsidized Child Care Cluster)
State Appropriations (Tested with Subsidized Child Care Cluster)

II. Financial Statement Findings

Prior year findings repeated in the current year are indicated by an asterisk ().

REPORTABLE CONDITIONS

(*) FINDING: 03-1 (*)

Non-Compliance with Laws and Regulations

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

Condition: The fund deficit in the Section 8 Housing Fund (the "Fund") of approximately
\$33,069 as of June 30, 2003 was not "appropriated" during fiscal 2003.

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year Ended June 30, 2003

II. Financial Statement Findings (continued)

Effect: Non-compliance with regulations.

Cause: The Board is aware of the deficit, which occurs due to the timing of payments.

Recommendation: Management needs to, on a periodic basis, evaluate the ability of the Fund to fund the deficit and appropriate the funds if necessary.

FINDING: 03-2 (*)

Non-Compliance with Laws and Regulations

Criteria: North Carolina General Statutes require that actual expenditures do not exceed appropriated expenditures at the legal level of budgetary control.

Condition: The budgetary ordinance for the county is prepared at the department level. During the year ended June 30, 2003, expenditures exceeded appropriated amounts at the level of budget ordinance appropriation as follows:

<u>Fund</u>	<u>Department</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Personnel	\$ 91,504	\$ 165,606	\$ (74,102)

Effect: Non-compliance with regulations.

Recommendation: We recommend that the County implement a process whereby they monitor the budget versus actual financial results monthly in order to identify the need for budgetary amendments prior to the end of the fiscal year.

(*) FINDING: 03-3 (*)

Internal Controls

Criteria: Internal controls are enhanced when the responsibilities for executing a transaction, recording the transaction, and maintaining custody of the assets resulting from the transaction are assigned to different individuals. Appropriate documentation should be used consistently throughout the departments.

Condition: In reviewing cash receipt procedures in offices outside the Finance Department, we noticed a lack of segregation of duties in many of those offices due to the small number of employees. Internal controls are enhanced when the responsibilities for executing a transaction, recording the transaction, and maintaining custody of the assets resulting from the transaction are assigned to different individuals.

Effect: While it may be convenient to have one person authorized to receive cash, record the accounts receivable payment, and make the deposit to Finance, such a situation does not provide the ideal internal control structure.

Cause: Many departments have a small number of employees, resulting in difficulty in achieving adequate segregation of duties.

Recommendation: We believe it would be in the County's best interests to implement a rotation schedule for the review of controls related to cash receipts in each ancillary department to see whether they can be strengthened. The Finance department should work with all departments to develop the appropriate documentation for accepting cash receipts.

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (concluded)
Year Ended June 30, 2003

II. Financial Statement Findings (continued)

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

Notes to the preceding schedule

1. Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major State program are included in the list of major federal programs.

HARNETT COUNTY, NORTH CAROLINA
CORRECTIVE ACTION PLAN (concluded)
Year Ended June 30, 2003

Section II - Financial Statement Findings

Finding: 03-1

- A. Name of Contact Person: Vanessa W. Young, Finance Officer
- B. Corrective Action: The Board is aware of the deficit in the Fund. Checks for this fund are written at the end of the month, while funds are received at the beginning of the following month. The General Fund covers any deficit that occurs due to timing.
- C. Proposed Completion: Corrective action to be taken as funds become available.

Finding: 03-2

- A. Name of Contact Person: Vanessa W. Young, Finance Officer
- B. Corrective Action: Financial statements will be reviewed on a timely basis to ensure that all required budgetary amendments are obtained prior to the end of the fiscal year.
- C. Proposed Completion: Corrective action to be taken as funds become available.

Finding: 03-3

- A. Name of Contact Person: Vanessa W. Young, Finance Officer
- B. Corrective Action: Management will continue to monitor these activities and when applicable, reassign incompatible duties among new personnel as funding becomes available.
- C. Proposed Completion: Corrective action to be taken immediately upon completion of audit.

**HARNETT COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2003**

Finding: 02-1

Status: A similar error was found this year.

Corrective Action: See corrective action plan at Finding 03-1.

Finding: 02-2

Status: A similar error was found this year.

Corrective Action: See corrective action plan at Finding 03-2.

Finding: 02-3

Status: A similar error was found this year.

Corrective Action: See corrective action plan at Finding 03-3.

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
FEDERAL AWARD EXPENDITURES				
<u>U.S. Dept. of Agriculture</u>				
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Social Services:				
Administration:				
Food Stamps	10.561		\$ 469,071	\$ -
Direct Benefit Payment:				
Food Stamp EBT Benefits	10.551		8,329,964	-
Total Food Stamp Cluster			<u>8,799,035</u>	<u>-</u>
Passed-through the N.C. Dept. of Health and Human Services:				
Division of Public Health:				
Administration:				
Special Supplemental Food Program for Women, Infants and Children	10.557		319,112	-
Direct Benefit Payment:				
Special Supplemental Food Program for Women, Infants and Children	10.557		1,708,372	-
Total U.S. Dept. of Agriculture			<u>10,826,519</u>	<u>-</u>
<u>U.S. Dept. of Commerce</u>				
Passed-through the Economic Development Administration				
Grants for Public Works and Economic Development Facilities	11.300	04-01-57022 & 04-01-57023	750,000	-
Total U.S. Dept. of Commerce			<u>750,000</u>	<u>-</u>
<u>U.S. Dept. of Housing and Urban Development</u>				
Direct Program:				
Housing Assistance Payments Program:				
Vouchers	14.195		922,319	-
Passed-through N.C. Department of Commerce:				
Small Cities Community Development				
Block Grant				
Scattered Site Housing	14.228		82,897	-
Shawtown Infrastructure	14.228	00-c-0716/02-c-0955/99-c-0689/98-e-0477	793,223	-
Total U.S. Dept. of Housing and Urban Development			<u>1,798,439</u>	<u>-</u>
<u>U.S. Dept. of Justice</u>				
Passed-through the N.C. Department of				
Crime Control and Public Safety:				
Local Law Enforcement Block Grant	16.592		61,030	-
Re-Entry-Halt	16.579	043-198-013-D338	55,066	-
Total U.S. Dept. of Justice			<u>116,096</u>	<u>-</u>
<u>U.S. Dept. of Labor</u>				
Passed-through Mid-Carolina Council				
of Governments:				
Welfare Investment Act	17.250		637,143	-
WIA - Dream Weavers	17.250	5863	7,278	-
Total U.S. Dept. of Labor			<u>644,421</u>	<u>-</u>

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
<u>U.S. Dept. of Health and Human Services</u>				
Administration on Aging				
Passed-through Mid-Carolina Council of Governments:				
Special Programs for the Aging:				
Senior Center Operations and Outreach	93.044		\$ 5,004	\$ -
Nutrition Services Incentive Program	93.045		46,294	-
Family Caregiver Support Program	93.052		7,349	-
Retired and Senior Volunteer Program	93.060		-	5,088
Home and Community Care Block Grant	93.633		405,244	-
Medical Transportation	93.633		66,017	-
Passed-through Corporation for National Service:				
National Senior Service	94.002		39,077	-
Total Administration on Aging			<u>568,985</u>	<u>5,088</u>
Administration for Children and Families				
Passed-through the N.C. Department of Health & Human Services:				
Division of Child Development				
Subsidized Child Care Cluster:				
Temporary Assistance for Needy Families	93.558		292,457	-
Child Care Development Fund, Discretionary (CCR&R)	93.575		1,170,558	-
Child Care & Development Fund - Mandatory	93.596		692,414	-
Child Care & Development Fund - Match	93.596		491,161	116,144
Social Services Block Grant	93.667		14,832	-
TANF - Maintenance of Effort			-	417,270
State Appropriations			-	264,200
Smart Start/ TANF Maintenance of Effort - Smart Start			-	797,534
Total Subsidized Child Care Cluster			<u>2,661,422</u>	<u>1,595,148</u>
Passed-through the N.C. Department of Health & Human Services:				
Division of Social Services				
Foster Care and Adoption Cluster				
Temporary Assistance for Needy Families	93.558		17,867	-
Federal Adoption Incentive	93.603		19,642	-
Title IV-E Foster Care - Administration	93.658		294,441	189,560
Title IV-E Foster Care	93.658		205,132	59,108
Direct Benefit Payments:				
Title IV-E Adoption Subsidy	93.659		208,936	63,572
Total Foster Care and Adoption Cluster			<u>746,018</u>	<u>312,240</u>
Division of Public Health				
Family Planning Title X	93.994		41,378	-
Comprehensive Breast and Cervical Cancer	93.919		21,904	-
CDC-TB	93.116		1,296	-
Risk Reduction/Statewide Health Promotion	93.991		11,486	9,525
HIV Substance Abuse/Aids Federal	93.959		12,000	-
Diabetes Today	93.988		5,951	3,785

U.S. Dept. of Health and Human Services (Continued)

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Grant I.D.</u> <u>Number</u>	<u>Expenditures</u>	
			<u>Federal</u>	<u>State</u>
Maternal and Child Health Services Block Grant				
Child Care Coordination	93.994		\$ 25,031	\$ -
Women's Preventive Health (Family Planning)	93.994		47,376	-
Maternal Health	93.994		11,302	-
Child Health (HHS-MCH Block Grant)	93.994		117,324	-
Immunization Action Plan	93.268		34,330	-
Immunization General (School Site Immunizations)	93.268		9,659	-
Bioterrorism Preparedness Grant	93.283		3,000	-
Bioterrorism Assessment Grant	93.283		17,389	-
Bioterrorism Grant (BT Communications & Risk Assessment)	93.283		4,300	-
Total Division of Public Health			<u>363,726</u>	<u>13,310</u>
Division of Social Services				
Direct Benefit Payments:				
Temporary Assistance for Needy				
Families ("TANF")	93.558		1,365,162	(658)
Aid to Families with Dependant Children ("AFDC")	93.560		(9,599)	(2,583)
Low Income Energy Assistance	93.568		173,978	-
Child Welfare Services - Permanency Planning	93.645		-	136,021
Administration:				
Temporary Assistance for Needy				
Families ("TANF")	93.558		1,253,108	5,113
Aid to Families with Dependant Children ("AFDC")	93.560		-	(6,368)
IV-D Administration	93.563		31,077	-
Low Income Energy Assistance	93.568		389,627	-
Permanency Planning-Child Welfare Services	93.645		32,406	8,557
SSBG - Adult Day Care	93.667		25,211	-
SSBG - In Home Services	93.667		51,244	-
SSBG - Other Services	93.667		208,275	-
TANF to SSBG	93.667		54,465	-
LINKS	93.674		21,139	4,569
Health Choice	93.767		21,768	4,550
Division of Medical Assistance:				
Medicaid Title XIX	93.778		1,000,310	86,395
Direct Benefit Payments -				
Medicaid Title XIX	93.778		<u>47,581,010</u>	<u>24,136,969</u>
Total Division of Social Services			<u>52,199,181</u>	<u>24,372,565</u>
Total U.S. Dept. of Health and Human Services			<u>56,539,332</u>	<u>26,298,351</u>
<u>U.S. Dept. of Transportation</u>				
Passed-through the N.C. Department of Transportation				
Airport Improvement Programs				
Airport Road Relocation	20.106	9.9245020	350,944	-
Land Acquisition - Runway	20.106	9.9245011	200,000	-
Total U.S. Dept. of Transportation			<u>550,944</u>	<u>-</u>
<u>Federal Emergency Management Administration</u>				
Passed through the N.C. Dept. of Crime Control and Public Safety				
Winter Storm 2002	83.544	085-99085-00	21,486	7,284
Total Federal Emergency Management Administration			<u>21,486</u>	<u>7,284</u>
TOTAL FEDERAL AWARD EXPENDITURES			\$ 71,247,237	\$ 26,305,635

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant I.D. Number	Expenditures	
			Federal	State
STATE AWARD EXPENDITURES				
<u>N.C. Dept. of Crime Control and Public Safety</u>				
State & Local Assistance Emergency Services			\$ -	\$ 10,804
Hazardous Mitigation	83.557	PDM-PL-02-08	-	8,505
Hazardous Material Emergency Planning	20.703	HMPG-39-6-00	-	6,000
Total NC Dept. of Crime Control and Public Safety			-	25,309
<u>N.C. Dept. of Correction Division of Community Correction</u>				
Lee Harnett Criminal Justice Alliance			-	19,945
<u>N.C. Dept. of Commerce</u>				
Capital Improvement Plan	11.307	04-69-04961	-	54,095
Passed through the Rural Economic Development Center				
Buies Creek/Coats Regulator Sewer Connector Line		02-99-49	-	75,000
			-	129,095
<u>N.C. Dept. of Cultural Resources</u>				
State Aid to Public Libraries			-	162,092
Historic & Agricultural			-	17,680
Library e-ZLSTA	45.310		-	13,500
Library e-ZLSTA Digitation	45.310		-	3,978
Rural Tourism		4-92721	-	3,030
Harnett Voices		5-52426-SG-500	-	19,500
Total NC Dept. of Cultural Resources			-	219,780
<u>N.C. Dept. of Environment Health & Public Works</u>				
North Carolina Drinking Water Bond Loan Program				
North Carolina Water Grant		DEH-0820	-	2,000,000
North Carolina Water Bond			-	859,722
			-	2,859,722
<u>N.C. Dept of Family Care Giver & Support Plan</u>				
Passet through Mid-Carolina Council of Government:				
Family Care Giver				
Library	92.360		-	4,345
EMS	92.360		-	5,884
Total NC Dept. of Family Care Giver & support			-	10,229
<u>N.C. Dept. of Health and Human Services</u>				
Division of Community Health				
General Health/State Aid			-	29,743
Tuberculosis			-	31,762
TB Medical Services			-	1,800
Women's Preventative Health (Family Planning)			-	9,479
Child Health - CFPT - State Supported Expenditures			-	1,282
Home Health			-	24,192
Environmental Health			-	4,500
Food and Lodging			-	4,563
Childhood Lead Poisoning Prevention			-	7,330
AIDS - State (HIV/STD - State)			-	500
Immunization - State (School Site Immunization)			-	3,289

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Grant I.D.</u> <u>Number</u>	<u>Expenditures</u>	
			<u>Federal</u>	<u>State</u>
<u>N.C. Dept. of Health and Human Services (continued)</u>				
Division of Social Services				
Direct Benefit Payment:				
Special Assistance to Adults			\$ -	\$ 1,094,125
Division of Social Services Administration:				
State Adult Day Care			-	11,166
CP&L Energy Program			-	35,005
Social Services Block Grant - State			-	30,864
Smart Start			-	100,000
Special Needs Adoption Fund			-	178,500
State Adult Protective Services			-	25,401
State Aid to Counties			-	75,043
State Foster Home			-	75,320
Veteran Affairs			-	2,000
Child Care Resource and Referral Grant			-	63,076
Total N.C. Dept. of Health and Human Services			-	1,808,940
<u>N.C. Division of Child Development</u>				
N.C. Partnership for Children, Inc.:				
Family Home Care Licensure		3-01-5-12-002	-	37,921
Parents as Teachers		3-01-5-12-002	-	160,243
Total N.C. Division of Child Development			-	198,164
<u>N.C. Office of Juvenile Justice</u>				
CBA-Juvenile Restitution		643032	-	76,242
CBA-Juvenile Restitution-JCPC		643000	-	4,215
CBA-Specialized Foster Care		643021	-	38,000
Hillcrest Youth Shelter		643013	-	35,100
Court Psychologist		643005	-	4,580
Woodrow Scoggins		643009	-	15,000
Intensive Home Base Services		543042	-	38,000
Kids-R-U's		643032	-	7,868
Youth Issues		643032	-	10,000
Total N.C. Office of Juvenile Justice			-	229,005
<u>N.C. Dept. of Public Instruction</u>				
Public School Building Bonds			-	3,025,677
<u>Office of the Governor</u>				
Office of Juvenile Justice				
Governor's One-on-One Program	93.667	543906	-	34,009
Total Office of the Governor			-	34,009
<u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program (ROAP):				
Work First Transportation Grant		DOT-16CL	-	12,604
Rural General Public Program (RGP)			-	36,011
Elderly and Disabled Transportation Assistance Program (EDTAP)			-	61,205
Community Transportation Program:				
Community Transportation Program (CTP) Admin		9.9041969	-	115,641
Community Transportation Assistance (TDP)		9.9052043	-	242,195

HARNETT COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2003

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Grant I.D.</u> <u>Number</u>	<u>Expenditures</u>	
			<u>Federal</u>	<u>State</u>
<u>N.C. Dept. of Transportation (continued)</u>				
Edgerton Industrial Park		6.451006	\$ -	\$ 175,000
Rails to Trails		E4012-A	-	30,100
Total N.C. Dept. of Transportation			-	672,756
TOTAL STATE AWARD EXPENDITURES			-	9,232,631
TOTAL AWARD EXPENDITURES			\$ 71,247,237	\$ 35,538,266

HARNETT COUNTY, NORTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2003

1. GENERAL

The Schedule of Expenditures of Federal and State Awards (the "Schedule") presents the activity of all federal and State financial award programs of Harnett County, North Carolina. Harnett County, North Carolina ("Harnett County") reporting entity is defined in Note 1 to the basic financial statements. All federal and State awards received directly from federal and State agencies as well as federal financial awards passed through other government agencies are included in the Schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the basic financial statements.

3. BENEFIT PAYMENTS ISSUED BY THE STATE

Benefit payment amounts which were paid directly by the State from federal and State monies on behalf of Harnett County have been separately identified and quantified on the Schedule. These direct payments do not appear within the basic financial statements of Harnett County because these amounts are not revenues and expenditures of Harnett County, North Carolina. County personnel are involved in certain functions, primarily with eligibility determinations, that cause benefit payments to be issued by the State.

4. AMOUNTS PROVIDED TO SUBRECIPIENTS

During the year ended June 30, 2003, Harnett County passed through monies received from the North Carolina Department of Public Instruction of \$3,025,677 in connection with public school bond funding provided to Harnett County Board of Education as a subrecipient.