

COUNTY OF SPOTSYLVANIA, VIRGINIA

SINGLE AUDIT REPORT

JUNE 30, 2012

TABLE OF CONTENTS

	Page
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	3 and 4
Independent Auditors' Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	5 and 6
Schedule of Findings and Questioned Costs	7 – 11
Summary Schedule of Prior Audit Findings	12
Schedule of Expenditures of Federal Awards	13 – 15
Notes to Schedule of Expenditures of Federal Awards	16



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**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**

The Board of Supervisors
County of Spotsylvania, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the County of Spotsylvania, Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County of Spotsylvania, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Spotsylvania, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Spotsylvania, Virginia's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs at items 2012-001 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

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

The County of Spotsylvania's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Spotsylvania's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, the Auditor of Public Accounts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Miller Foley Sharp". The signature is written in a cursive, flowing style.

Fredericksburg, Virginia
November 19, 2012



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Supervisors
County of Spotsylvania, Virginia

Compliance

We have audited the County of Spotsylvania, Virginia's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Spotsylvania, Virginia's major federal programs for the year ended June 30, 2012. The County of Spotsylvania, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Spotsylvania, Virginia's management. Our responsibility is to express an opinion on the County of Spotsylvania, Virginia'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*. Those standards and OMB Circular A-133 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 has occurred. An audit includes examining, on a test basis, evidence about the County of Spotsylvania, Virginia'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 of the County of Spotsylvania, Virginia's compliance with those requirements.

In our opinion, the County of Spotsylvania, Virginia, complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questions costs as items 2012-003 and 2012-004.

Internal Control over Compliance

Management of the County of Spotsylvania, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Spotsylvania, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over

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compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Spotsylvania, Virginia's internal control over compliance.

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

Our consideration of the 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 that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-002 and 2012-005. *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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia as of and for the year ended June 30, 2012, and have issued our report thereon dated November 12, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County of Spotsylvania, Virginia's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The County of Spotsylvania, Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County of Spotsylvania, Virginia's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, the Auditor of Public Accounts, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mike Foley Shoyz

Fredericksburg, Virginia
November 19, 2012

COUNTY OF SPOTSYLVANIA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the general purpose financial statements of the County of Spotsylvania, Virginia.
2. One significant deficiency relating to the audit of the financial statements is reported in the *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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the County of Spotsylvania, Virginia, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. Two significant deficiencies in internal control over major federal programs disclosed during the audit are reported in the *Independent Auditors' Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133*. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for the County of Spotsylvania, Virginia expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Child Nutrition Cluster	10.553,10.555
Supplemental Nutrition Assistance Program Cluster	10.561
Edward Byrne Memorial Justice Assistance Grant Cluster	16.738,16.804
Highway Planning and Construction Cluster	20.205
State Fiscal Stabilization Fund Cluster	84.010, 84.389

8. The threshold for distinguishing Type A and B programs was \$890,803.
9. The County of Spotsylvania, Virginia did not qualify as a low-risk auditee.

COUNTY OF SPOTSYLVANIA, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

FINDINGS – FINANCIAL STATEMENT AUDIT

2012-001 Monitoring

Criteria and Condition: We noted a lack of monitoring of compliance with internal control procedures. The complexity of current accounting standards and new regulations and transparency in the governmental arena dictate that internal control systems adapt to those changes. Economic factors have forced fewer personnel to take additional responsibilities, limiting the time they might otherwise have to perform monitoring. This is a repeat finding.

Context: Internal controls over monitoring should be in place to provide assurance that the internal control system continues to operate effectively over time and promotes good control of operations in all departments.

Cause: Personnel do not have the time or resources to effectively monitor internal controls.

Effect: Internal controls may not be followed, increasing the risk that errors or compliance issues will go undetected.

Recommendation: We have previously recommended an internal audit function as a necessary component in the monitoring function. Economic factors have resulted in lower staffing levels and increased work load for existing staff, with no new staffing positions funded. We recommend that the risks related to potential noncompliance with internal controls be analyzed and measures taken to alleviate workloads, redistribute responsibilities and reconsider an internal audit function.

Views of responsible officials and planned corrective action: The County and the School Board understand and agree to the recommendation for expanded monitoring over internal controls. Complexity of new standards and transparency in government continue to evolve in reaction to sustained economic stress. Unfortunately, the need to respond to increased risks naturally arises when funding is at its stretched limits. Management has developed the internal audit position as a first step in its corrective action plan. In addition, management also recognizes the need to establish more sophisticated financial staff within various departments. In fiscal year 2013, a new business manager position was filled in Fire and Rescue Emergency Management to respond to the increased complexity and size of the department. Management plans to fill the internal auditor position and other needed roles when funding is made available.

The fiscal year 2013 Superintendent's recommended budget included an internal auditor position for the School Board. However, due to competing budget priorities, such as unprecedented increases in employee benefit costs, the School Board did not include the internal audit position in the final adopted budget. The fiscal year 2013 School Board adopted budget did include an additional finance staff position to address critical financial reporting needs as well as new state, federal and local laws and regulations. As a part of the School Board's corrective action plan, finance management is optimistic that the new finance position will be filled during this fiscal year. In addition, finance management will recommend an internal audit function as the budget is developed for fiscal year 2014.

COUNTY OF SPOTSYLVANIA, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2012-002 Child Nutrition Cluster – CFDA 10.555

Criteria and Condition: Internal controls should include procedures and processes to insure that only those with appropriate authority have access to software programs and the ability to make changes in those software programs. The school food service department implemented a new software program, through a third party provider of cafeteria services to track sales and applications. The software vendor did not implement the new system consistent with the School Board's practices as it pertained to access privileges including the federal application module and sales transactions.

Context: Unauthorized access to eligibility applications could occur and changes made to the applications which are the base for federal reimbursement and statistics/metrics for other School Board funding. Additionally, changes to the daily sales records could result in inaccurate reimbursement of federal funds.

Cause: The third party provider of cafeteria services implemented the software change and did not follow the policies set forth by the School Board's technology department.

Effect: Without proper controls and monitoring in place, the potential for unauthorized access and possible inaccurate reimbursement of federal funds could occur.

Recommendation: Appropriate written policies and procedures should be established to ensure proper access by personnel to authorized areas, proper use of passwords and monitoring of changes in the system.

Views of responsible officials and planned corrective action: The School Board understands the recommendation and the need to have greater oversight over services performed by third party providers. The food service supervisor contacted the service provider for the software program and all system passwords have been properly changed, only School Board food service personnel have access to the free and reduced meal module in the system and cafeteria managers no longer have the ability to modify cafeteria sales.

2012-003 Child Nutrition Cluster – CFDA 10.555

Criteria and Condition: Applications for eligibility must be calculated and compared to income eligibility guidelines to determine free or reduced rates for participants.

Context: A sample of applications was tested for eligibility. Two applications from a sample of sixty were found to not be correctly calculated resulting in one participant receiving reduced rates and another being denied reduced rates. The denied participant was later reevaluated and properly included.

Cause: The School Board retained temporary personnel to calculate eligibility on applications and no review of the applications processed by the temporary personnel took place.

Effect: Participants were incorrectly included as eligible and incorrectly denied benefits.

COUNTY OF SPOTSYLVANIA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

Recommendation: Appropriate written policies and procedures should be established and executed to ensure proper eligibility determination. These procedures should provide for appropriate review and approval by the food service supervisor.

Views of responsible officials and planned corrective action: The School Board understands the recommendation and the need to review meal applications processed by temporary personnel. However, with the significant increase in applications (22% increase) over the years, processing the applications within the mandated timeframe is not realistic with the current staffing levels within the normal tour of duty. Based on established guidelines, the food service supervisor will continue to complete the department of education verification process, whereby a sample of applications are pulled and "audited" on an annual basis. The School Board will continue to make available to parents the appeals process if a student is denied. The food service supervisor will continue to assist parents in high-risk communities in understanding and completing the free and reduced meal applications. The food service supervisor will submit a modified meal claim for all incorrectly processed meal applications to the Department of Education. The food service supervisor will review all applications processed by temporary personnel. The School Board will evaluate the staffing structure of the food service program to determine the feasibility of hiring additional staff to accommodate the increased workload.

2012-004 Highway Planning and Construction Cluster – CFDA 20.205

Criteria and Condition: The Davis Bacon Act requires the contractor or subcontractor to submit for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Context: A test of 100% of the weekly payrolls for both contractors and subcontractors performing construction work was performed. All of the weekly payrolls of one subcontractor were not in compliance.

Cause: A subcontractor did not sign and certify four weekly payrolls submitted in July and October of 2011, and it was not discovered in the review by the contractor or County personnel when compiled for reporting purposes.

Effect: Payments may not be in accordance with prevailing wage rates.

Recommendation: The County should strengthen their system for proper monitoring of certified payrolls as regards construction projects covered by the Davis Bacon Act.

Views of responsible officials and planned corrective action: The County understands the recommendation and compliance issue and has added procedures to insure proper certifications have been obtained.

COUNTY OF SPOTSYLVANIA, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

2012-005 Child Nutrition Cluster – CFDA 10.555, Highway Planning and Construction Cluster – CFDA 20.205

Significant Deficiency: As discussed at Finding 2012-001, we noted a lack of monitoring of compliance with internal control procedures. Internal controls over monitoring should be in place to provide assurance that the internal control system continues to operate effectively over time and promotes good control of operations in all federal programs. We recommend that the risks related to potential noncompliance with internal controls be analyzed and measures taken to alleviate workloads, redistribute responsibilities and reconsider an internal audit function.

COUNTY OF SPOTSYLVANIA, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2012

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2011-002 State Fiscal Stabilization Fund – CFDA 84.394

Condition: Reimbursement reports for State Stabilization funds were supported by inaccurate financial information which resulted in an over reimbursement of funds of approximately \$550,000 on the first two reimbursement reports filed through December 2010. Subsequent reports were adjusted to correct the error.

Recommendation: The School Board should strengthen their system for proper preparation, reconciliation and review of reimbursement reports. Furthermore, they should consider filing reimbursement reports on a more regular basis which may aid in the identification of errors that can be corrected in a timely manner.

Current status: The recommendation was adopted in August 2011. Specifically, by way of corrective action, School Board management enhanced its preparation, reconciliation and grant review processes. A training workshop was held in August 2011 and it was emphasized to the grant bookkeepers that the primary source of documentation for grant reimbursements is the monthly iSeries expenditure report. When grant reimbursements are presented for approval, grant bookkeepers now attach to the OMEGA reimbursement document, the related iSeries report, the payroll report, if applicable, and the expense vs. grant reconciliation reimbursement tracking report. Consistently throughout the year, School Board management reviewed the reconciliation reports for timeliness, completeness and accuracy of the amounts. No similar findings were noted in the 2012 audit.

2011-003 State Fiscal Stabilization Fund – CFDA 84.394

Condition: Reimbursement reports for State Stabilization funds were improperly dated and did not coincide with the actual periods or expenditure amounts reported in the general ledger for those periods.

Recommendation: The School Board should strengthen their system for proper preparation, reconciliation and review of reimbursement reports.

Current status: The recommendation was adopted in August 2011. Specifically, by way of corrective action, School Board management enhanced its preparation, reconciliation and grant review processes. A training workshop was held in August 2011 and it was emphasized to the grant bookkeepers that the primary source of documentation for grant reimbursements is the monthly iSeries expenditure report. When grant reimbursements are presented for approval, grant bookkeepers now attach to the OMEGA reimbursement document, the related iSeries report, the payroll report, if applicable, and the expense vs. grant reconciliation reimbursement tracking report. Consistently throughout the year, School Board management reviewed the reconciliation reports for timeliness, completeness and accuracy of the amounts. No similar findings were noted in the 2012 audit.

COUNTY OF SPOTSYLVANIA, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

Federal Granting Agency/Recipient State Agency/Grant Program/Grant Number	Federal Catalogue Number	Agency or Pass- Through Number	Federal Expenditures
<i>U.S. DEPARTMENT OF AGRICULTURE:</i>			
Direct Payments:			
Farm and Ranch Lands Protection Program	10.913	N/A	\$ 87,500
Pass-Through Payments:			
State Department of Agriculture:			
National School Lunch Program	10.555	301	547,776
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	765	775,285
Department of Education:			
School Breakfast Program	10.553	197	907,884
National School Lunch Program	10.555	197	3,200,631
Total U.S. Department of Agriculture			\$ 5,519,076
<i>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</i>			
Direct Payments:			
Head Start	93.600	N/A	\$ 839,411
Pass-Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	765	32,175
Temporary Assistance for Needy Families	93.558	765	781,206
Refugee and Entrant Assistance - State Administered Programs	93.566	765	5,635
Low Income Home Energy Assistance	93.568	765	23,982
Child Care and Development Block Grant	93.575	765	204,483
Child Care Mandatory and Matching Funds of the Child Care and Development Funds	93.596	765	294,065
Chafee Education and Training Vouchers Program	93.599	765	6,829
Child Welfare Services - State Grants	93.645	765	1,291
Foster Care Title IV-E	93.658	765	602,421
Adoption Assistance	93.659	765	251,674
Social Services Block Grant	93.667	765	296,483
Chafee Foster Care Independence Program	93.674	765	20,037
Children's Health Insurance Program	93.767	765	21,750
Medical Assistance Program	93.778	765	469,054
Total U.S. Department of Health and Human Services			\$ 3,850,496

COUNTY OF SPOTSYLVANIA, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

Federal Granting Agency/Recipient State Agency/Grant Program/Grant Number	Federal Catalogue Number	Agency or Pass- Through Number	Federal Expenditures
<i>U.S. DEPARTMENT OF HOMELAND SECURITY:</i>			
Direct Payments:			
Disaster Grants - Public Assistance	97.036	N/A	\$ 3,602
Pass-Through Payments:			
Emergency Management Performance Grants	97.042	127	55,487
Total U.S. Department of Homeland Security			\$ 59,089
<i>U.S. DEPARTMENT OF EDUCATION:</i>			
Direct Payments:			
Impact Aid	84.041	N/A	\$ 258,312
JROTC	99.900	N/A	145,278
Pass-Through Payments:			
Department of Education:			
Adult Education -State Grant Program	84.002	197	283,080
Title I - Grants to Local Educational Agencies	84.010	197	2,548,866
Title I Neglected and Delinquent Children	84.013	197	51,203
Title VIB Special Education - State Grant Program	84.027	197	4,776,318
Career and Technical Education	84.048	197	266,338
Title VIB Special Education - Preschool Grants	84.173	197	86,632
Education Technology State Grants	84.318	197	11,031
Title III English Language Acquisition Grants	84.365	197	166,381
Title II Part A Improving Teacher Quality State Grants	84.367	197	513,651
ARRA - Title I Grants to Local Educational Agencies	84.389	197	167,807
ARRA - Special Education - Preschool Grants	84.392	197	54,751
ARRA -State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394	197	2,162,420
Total U.S. Department of Education			\$ 11,492,068
<i>U.S. DEPARTMENT OF JUSTICE:</i>			
Direct Payments:			
State Criminal Alien Assistance Program	16.606	N/A	\$ 9,392
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	29,513
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program (JAG) Program/Grants to States and Territories	16.804	N/A	118,702
Pass-Through Payments:			
Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	140	79,477
Total U.S. Department of Justice			\$ 237,084

COUNTY OF SPOTSYLVANIA, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

Federal Granting Agency/Recipient State Agency/Grant Program/Grant Number	Federal Catalogue Number	Agency or Pass- Through Number	Federal Expenditures
<i>U.S. DEPARTMENT OF TRANSPORTATION:</i>			
Direct Payments:			
Highway Research and Development Program	20.200	N/A	\$ 122
ARRA - Highway Planning and Construction	20.205	N/A	8,394,177
Pass-Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154	80,421
Total U.S. Department of Transportation			<u>\$ 8,474,720</u>
<i>U.S. DEPARTMENT OF THE INTERIOR</i>			
Direct Payments:			
Save America's Treasures	15.929	N/A	\$ 3,847
Total U.S. Department of the Interior			<u>\$ 3,847</u>
<i>U.S. DEPARTMENT OF ENERGY</i>			
Direct Payments:			
ARRA - Energy, Efficiency and Conservation Block Grant Program	81.128	N/A	\$ 37,098
ARRA-Conservation Research and Development	81.086	N/A	19,950
Total U.S. Department of Energy			<u>\$ 57,048</u>
			<u><u>\$ 29,693,428</u></u>

See notes to the schedule of expenditures of federal awards

COUNTY OF SPOTSYLVANIA, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Spotsylvania, Virginia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2012, the entity had food commodities totaling \$203,028 in inventory.