

Compliance Letters



ROCKY MOUNT, NC
THE CENTER OF IT ALL

Fiscal Year Ended June 30, 2022

CITY OF ROCKY MOUNT, NORTH CAROLINA

COMPLIANCE LETTERS FOR THE YEAR ENDED JUNE 30, 2022

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MARTIN STARNES & 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 Honorable Mayor and
Members of the City Council
City of Rocky Mount, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky Mount, North Carolina, as of and for the year ended June 30, 2022, not presented here, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Rocky Mount's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rocky Mount's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Rocky Mount'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 the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rocky Mount'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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
October 20, 2022

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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Rocky Mount, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Rocky Mount's compliance with the types of compliance requirements identified as subject to audit 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 the City of Rocky Mount's major federal programs for the year ended June 30, 2022. The City of Rocky Mount's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Rocky Mount complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Rocky Mount and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Rocky Mount's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Rocky Mount's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Rocky Mount's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Rocky Mount's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Rocky Mount's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Rocky Mount's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the City of Rocky Mount's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, 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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rocky Mount as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Rocky Mount's basic financial statements. We issued our report thereon dated October 20, 2022, 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 the City of Rocky Mount'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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 taken as a whole.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 20, 2022

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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 the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Rocky Mount, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the City of Rocky Mount's compliance with the types of compliance requirements identified as subject to audit 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 the City of Rocky Mount's major state programs for the year ended June 30, 2022. The City of Rocky Mount's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the City of Rocky Mount complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Rocky Mount and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the City of Rocky Mount's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Rocky Mount's state programs.

Auditor's Responsibilities for the Audit of Compliance

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In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Rocky Mount's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
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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.

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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 20, 2022

CITY OF ROCKY MOUNT, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? No
- Significant deficiency(s) identified? 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)? No

Identification of major federal programs:

<u>Program Name or Cluster</u>	<u>AL #</u>
Federal Transit Cluster	20.507, 20.526
Formula Grants for Rural Areas and Tribal Transit Program	20.509
Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? Yes

CITY OF ROCKY MOUNT, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. Summary of Auditor's Results (continued):

State Awards

Internal control over major state programs:

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

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

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

Identification of major state programs:

Program Name

Powell Bill

2. Findings Related to the Audit of the Basic Financial Statements

None reported.

3. Findings and Questioned Costs Related to the Audit of Federal Awards

None reported.

4. Findings and Questioned Costs Related to the Audit of State Awards

None reported.

CITY OF ROCKY MOUNT, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

None reported.

CITY OF ROCKY MOUNT, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Grantor / Pass - Through Grantor / Program Title	Federal Assistance Listing Number	Pass-Through Grantor Number	Grant Award w/o match)	Federal Expenditures 6/30/2022	State Expenditures 6/30/2022	Local Match/ Program Income Expenses 6/30/22	Pass-Through to subrecipients 6/30/2022
FEDERAL FINANCIAL ASSISTANCE PROGRAMS:							
U.S. Department of Transportation							
Federal Transit Administration:							
Federal Transit Cluster:							
Direct Program -							
Federal Transit Formula Grants (Urbanized Area Formula Program):							
COVID-19 Urban Capital CARES ACT	20.507		\$ 2,386,422	\$ 1,221,126	\$ -	\$ -	-
COVID-19 Urban Operating CARES ACT	20.507		1,980,902	1,059,480	-	162,375	-
Passed through North Carolina Department of Transportation:							
Buses and Bus Facilities Formula & Discretionary Programs (Bus Program) - #21-39-043U							
	20.526	44637.6.6.3	353,640	267,990	33,498	33,500	-
Total Federal Transit Cluster			4,720,964	2,548,596	33,498	195,875	-
Passed through North Carolina Department of Transportation:							
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research:							
Planning, Section 5303 (80/10/10) #21-08-115	20.505	36230.25.20.1	48,555	43,158	5,395	5,395	-
Formula Grants for Rural Areas and Tribal Transit Program:							
Rural, Section 5311 Admin #22-CT-043 (80/5/15)	20.509	36233.24.20.1	353,618	234,438	14,652	1,491,608	-
COVID-19 Rural Operating CARES ACT	20.509	49233.75.1.2	1,499,385	617,112	-	-	-
Total Formula Grants for Rural Areas and Tribal Transit Program			1,853,003	851,550	14,652	1,491,608	-
Federal Highway Administration:							
Highway Planning and Construction Cluster:							
Highway Planning and Construction (Federal-Aid Highway Program):							
C-5549-PE Rocky Mount Sidewalks	20.205-1CL	51019.1.1	114,427	32,582	-	8,146	-
PWP Transportation Planning FY2022 (80 fed/20 local)	20.205-5	49599.1.177	175,000	103,668	-	25,917	-
Total Highway Planning and Construction Cluster			289,427	136,250	-	34,063	-
Total U.S. Department of Transportation			6,911,949	3,579,554	53,545	1,726,941	-
U.S. Department of Housing and Urban Development							
Direct Program -							
Community Development Block Grants/Entitlement Grants Cluster:							
Community Development Block Grants/Entitlement Grants-2015	14.218		464,559	877	-	-	-
Community Development Block Grants/Entitlement Grants-2017	14.218		503,720	31,938	-	-	-
Community Development Block Grants/Entitlement Grants-2018	14.218		523,065	44,571	-	-	-
Community Development Block Grants/Entitlement Grants-2019	14.218		565,761	43,408	-	-	-
Community Development Block Grants/Entitlement Grants-2020	14.218		560,957	128,534	-	-	-
Community Development Block Grants/Entitlement Grants-2021	14.218		526,640	70,199	-	-	19,966
Community Development Block Grants/Entitlement Grants-2022	14.218		514,419	243,167	-	61,864	48,663
COVID-19 Community Development Block Grants/Entitlement Grants - CARES ACT	14.218		638,048	130,347	-	-	78,648
Total Community Development Block Grants/Entitlement Grants Cluster			4,297,169	693,041	-	61,864	147,277
Home Investment Partnerships Program:							
Community Development Home Grant -2016	14.239		426,528	63,979	-	-	63,979
Community Development Home Grant -2017	14.239		431,595	164,728	-	-	64,739
Community Development Home Grant -2018	14.239		409,785	61,804	-	64	61,468
Community Development Home Grant -2019	14.239		597,456	67,508	-	42,034	59,814
Community Development Home Grant -2022	14.239		407,772	45,997	-	2,433	-
Community Development Home Grant -American Rescue Plan	14.239		1,476,477	22,445	-	-	-
Total Home Investment Partnerships Program			3,749,613	426,461	-	44,531	250,000
Total U.S. Department of Housing and Urban Development			8,046,782	1,119,502	-	106,395	397,277
U.S. Department of Treasury:							
Direct Program -							
Equitable Sharing	21.016		-	2,103	-	-	-
Coronavirus State and Local Fiscal Recovery Funds	21.027		11,521,180	1,160,942	-	-	-
Passed through Nash and Edgecombe Counties:							
COVID-19 Coronavirus Relief Funds (CARES ACT)	21.019	02-62-08	793,141	127,979	-	-	-
Total U.S. Department of Treasury			12,314,321	1,291,024	-	-	-

CITY OF ROCKY MOUNT, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Grantor / Pass - Through Grantor / Program Title	Federal Assistance Listing Number	Pass-Through Grantor Number	Grant Award w/o match)	Federal Expenditures 6/30/2022	State Expenditures 6/30/2022	Local Match/ Program Income Expenses 6/30/22	Pass-Through to subrecipients 6/30/2022
<u>U.S. Department of Justice:</u>							
Direct Program -							
Office of Justice Programs:							
Bulletproof Vest Partnership Program 2020	16.607		10,404	10,205	-	10,205	-
Bulletproof Vest Partnership Program 2021	16.607		19,227	7,866	-	7,866	-
Edward Byrne Memorial Justice Assistance Grant Program (2020-DJ-BX-0929)	16.738		35,048	24,580	-	-	-
Ojp Bureau of Justice Assistance:							
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034		121,771	34,164	-	-	-
Criminal Division:							
Justice Equitable Sharing Program	16.922		-	93,104	-	-	-
Total U.S. Department of Justice			186,450	169,919	-	18,071	-
<u>US Department of Homeland Security</u>							
Direct Program -							
Federal Emergency Management Agency:							
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4487-DR NCDR-4487	79,918	79,718	-	-	-
Total U.S. Department of Homeland Security			79,918	79,718	-	-	-
Total Federal Financial Assistance Programs			27,539,420	6,239,717	53,545	1,851,407	397,277
<u>STATE FINANCIAL ASSISTANCE PROGRAMS:</u>							
<u>North Carolina Department of Transportation:</u>							
Public Transportation Division:							
COVID-19 DHHS Coronavirus Relief Funds - Vaccine Transportation			46,351	-	37,277	-	-
Helen P. Gay Rocky Mount Historic Train Station Maintenance Program (Project # 21-OP-004)			59,599	-	44,339	15,260	-
Division of Highways:							
State Street-Aid Allocation Fund (Powell Bill)			795,680	-	688,068	-	-
Total N.C. Department of Transportation			901,630	-	769,684	15,260	-
North Carolina Housing Finance Agency:							
'NC Housing Trust Funds - Urgent Repair - URP20			100,000	-	-	28,000	-
'NC Housing Trust Funds - Urgent Repair - URP21			100,000	-	9,537	145,590	-
'NC Housing Trust Funds - Urgent Repair - URP22			100,000	-	100,000	134,155	-
Total North Carolina Housing Finance Agency			300,000	-	109,537	307,745	-
North Carolina Department of Commerce:							
'Building Reuse Grant - XRAY			500,000	-	271,386	-	-
'Building Reuse Grant - JGROUP			90,000	-	90,000	-	-
Total North Carolina Dept of Commerce			590,000	-	361,386	-	-
North Carolina Department of Natural and Cultural Resources:							
North Carolina Science Museums Program			75,000	-	75,000	-	-
Land and Water Conservation Fund			199,873	-	7,100	7,100	-
North Carolina Parks and Recreation Trust Fund (50/50)			350,000	-	158,918	84,457	-
North Carolina Parks and Recreation Trust Fund (RTP)			99,999	-	99,999	20,000	-
Total North Carolina Dept of Natural and Cultural Resources			724,872	-	341,017	111,557	-
Total State Assistance Programs			2,516,502	-	1,581,624	434,562	-
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS			\$ 30,055,921	\$ 6,239,717	\$ 1,635,169	\$ 2,285,969	\$ 397,277

CITY OF ROCKY MOUNT, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Grantor / Pass - Through</u>	<u>Grantor / Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Grantor Number</u>	<u>Grant Award w/o match)</u>	<u>Federal Expenditures 6/30/2022</u>	<u>State Expenditures 6/30/2022</u>	<u>Local Match/ Program Income Expenses 6/30/22</u>	<u>Pass-Through to subrecipients 6/30/2022</u>
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Notes to the Schedule of Expenditures of Federal and State 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 the City of Rocky Mount under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. 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 the City of Rocky Mount, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Rocky Mount.

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

The City of Rocky Mount has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.