

Chowan County

Audit Presentation For the Year Ended June 30, 2020



Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 3
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 239-8294



Chowan County

Board Meeting

- **Presentation of Audit Results**
- I. General Comments
- II. Required Communications
- III. Audit Results
- IV. Questions and Comment
- V. Close

Chowan County

Required Communications

Requirement

Results

1 Responsibilities Under Generally Accepted Auditing Standards, Government Auditing Standards, OMB Uniform Guidance, and the State Single Audit Implementation Act.

Design the audit to provide reasonable assurance that the financial statements are free of material error and in compliance with government regulations.

■ Accomplished. No material error noted.

Perform all planned procedures and have complete access to both management and required information.

■ Completed. Our work was not limited in any way.

Communicate significant deficiencies in the internal control.

■ To be discussed at end of presentation.

Chowan County

Required Communications (*continued*)

Requirement

Results

2 Adoption or Change in Accounting Policies

Communicate the initial adoption of or a change in an accounting principle which had or is expected to have a significant effect on the financial statements.

➤ None noted.

3 Management Judgment and Accounting Estimates

Assess methodologies used and basis of evidence for matters requiring judgments and estimates.

➤ Methods used and evidence considered appear to have led to reasonable amounts being included in the financial statements

4 Significant Audit Adjustments or Unrecorded Differences

Communicate significant recorded and unrecorded differences.

➤ None out of the normal course.

Chowan County

Required Communications (*continued*)

	<u>Requirement</u>	<u>Results</u>
5	Disagreements with Management Communicate any disagreements on financial or reporting matters that, if not satisfactorily resolved, would cause a modification of our report.	■ None.
6	Consultation with Other Accountants Communicate consultation that took place with other accountants.	■ None noted.
7	Prior to Retention Issues Communicate any major issues that management discussed with the auditor in connection with the retention of the auditor, including the application of accounting principles and auditing standards.	■ None.



Chowan County

Required Communications (*continued*)

Requirement

Results

8 **Significant Difficulties**

Any serious difficulties the auditor encountered in dealing with management such as unreasonable delays in providing needed information, unreasonable timetable set by management, or unavailability of client personnel.

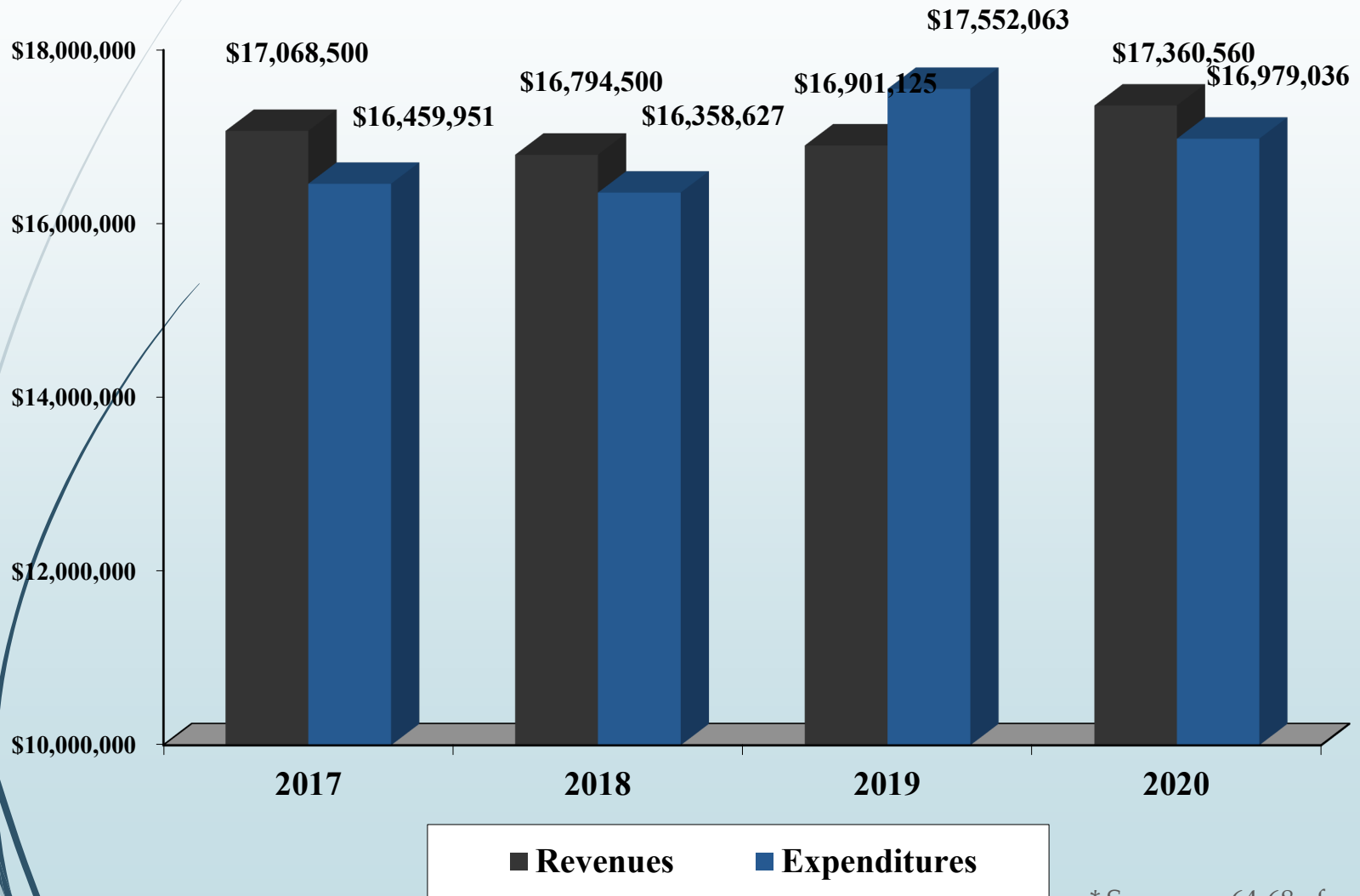
■ None noted.

9 **Irregularities and Illegal Acts**

Communicate the existence of any material irregularities and/or illegal acts determined during the audit.

■ None noted.

General Fund – Operating Summary



* See pages 64-68 of audit

Fund Balance

Available fund balance as defined by the Local Government Commission (LGC) is calculated as follows:

Total Fund Balance

Less: Non spendable (not in cash form, not available)

Less: Stabilization by State Statute (by state law, not available)

Available Fund Balance

This is the calculation utilized as the basis for comparing you to other units and calculating your fund balance percentages.

Fund Balance Position

General Fund - Consolidated

❑ Total Fund Balance	\$ 9,348,372
❑ Stabilization by State Statute	- 1,514,362
❑ Restricted, Register of Deeds	- 28,104
❑ Restricted, School Capital	- 142,043
❑ Committed, Capital Reserve	- 820,551
❑ Committed, Tax Revaluation	- <u>198,969</u>
❑ Unassigned – June 30, 2020	<u><u>\$ 6,644,343</u></u>

Total Fund Balance

General Fund – Operating



* See page 68 of audit

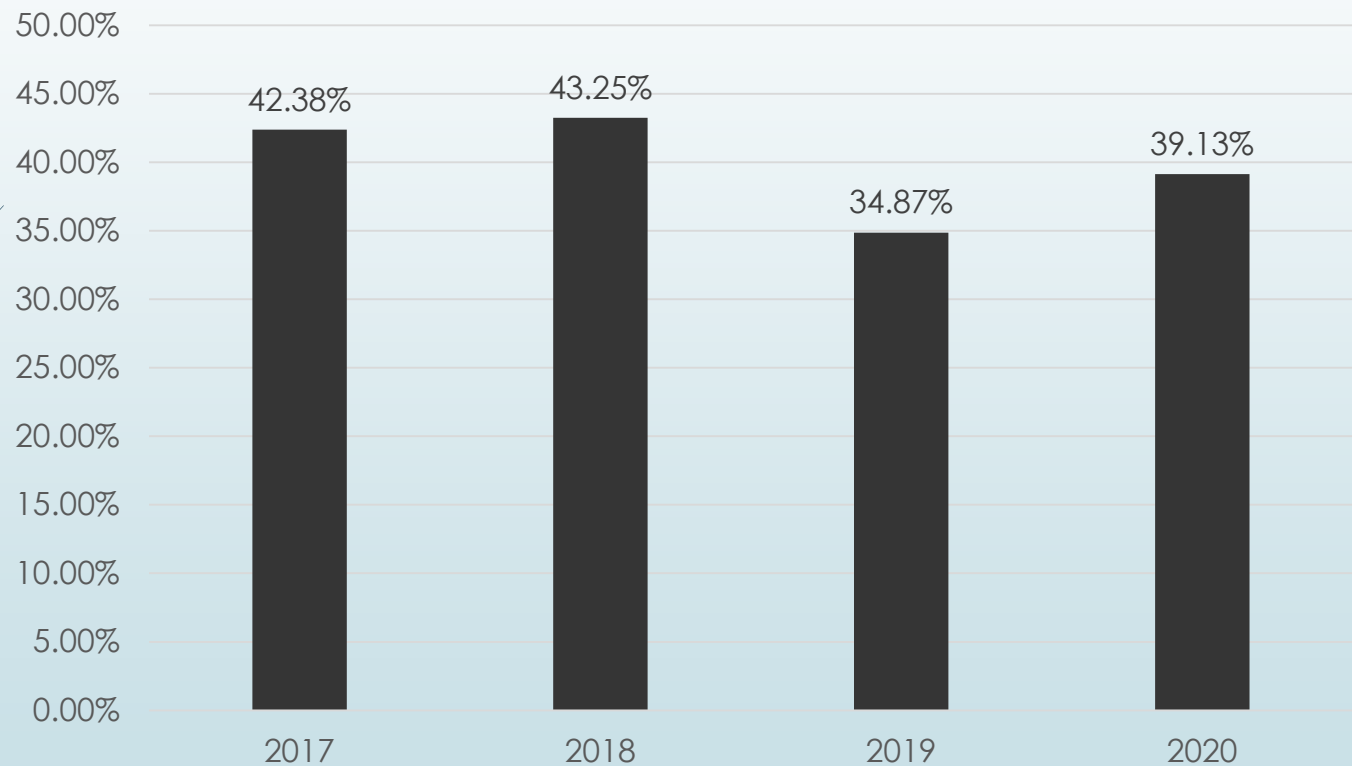


Fund Balance Position

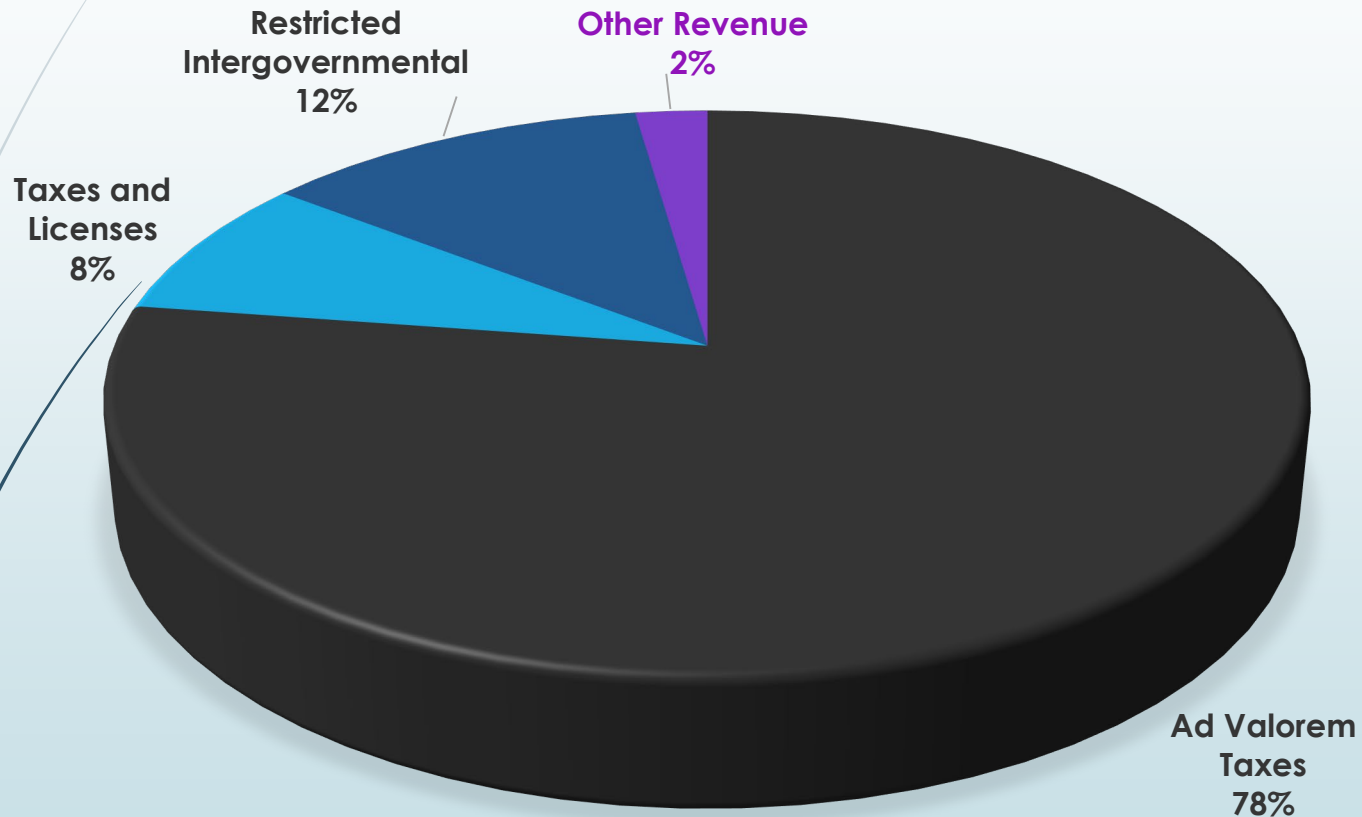
General Fund - Consolidated

❑ Total Fund Balance	\$ 9,348,372
❑ Restricted Fund Balances	<u>- 1,684,509</u>
❑ Available Fund Balance	\$ 7,663,863
❑ P/Y Available Fund Balance	\$ 6,849,490
❑ Increase in Available F/B	\$ 814,373

Available Fund Balance as a Percentage of Expenditures and Transfers Out General Fund – Consolidated



Top 3 Revenues: General Fund - Operating

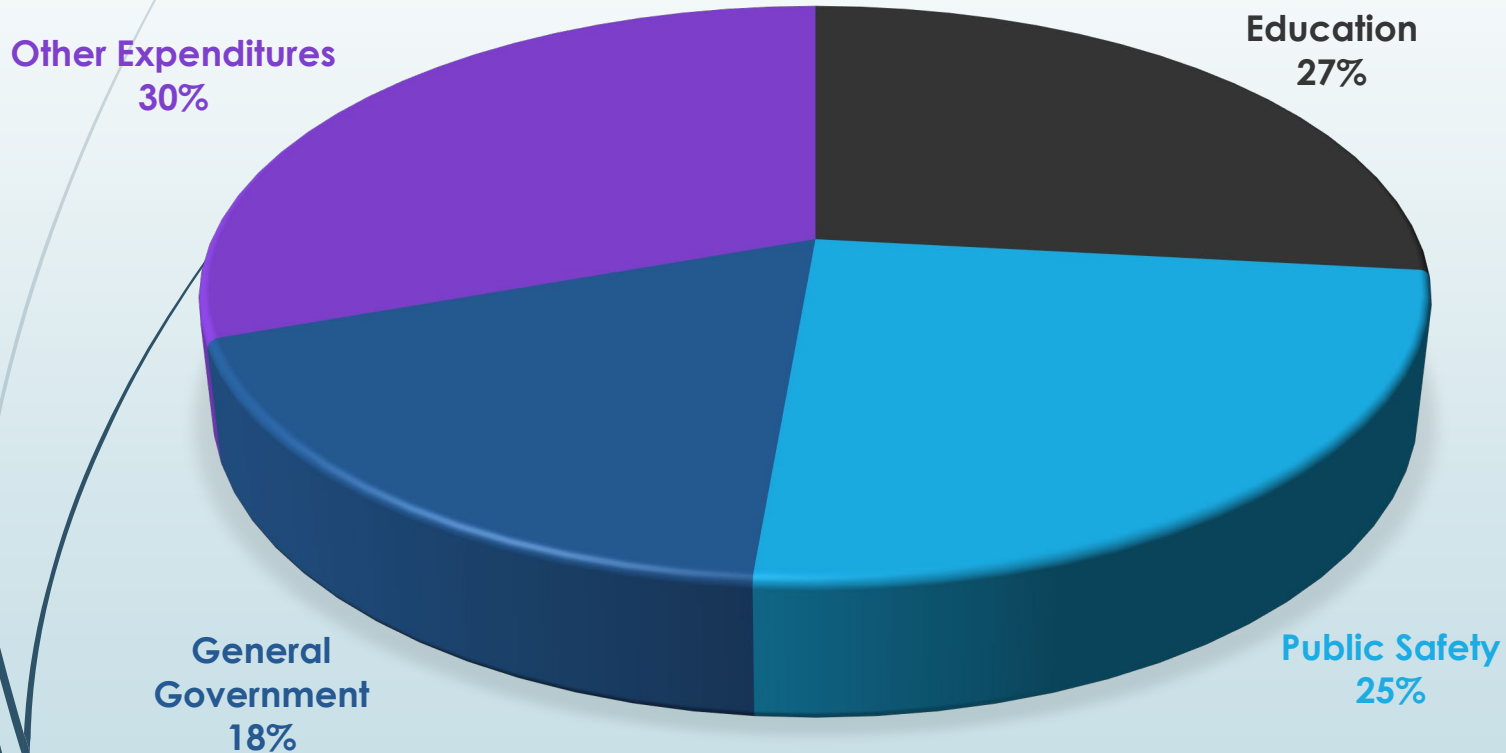


Property Tax



* See page 92 of audit

Top 3 Expenditures: General Fund - Operating



Summary of Enterprise Funds

Revenues over Expenditures (Budgetary Basis)		2020		2019
Water	\$	139,286	\$	354,942
Solid Waste		(254,434)		(130,498)
Emergency Medical Services		14,166		(223,118)

Enterprise Fund – Water Fund

		2020		2019
Cash	\$	2,526,441	\$	2,357,804
Unrestricted Net Position		2,235,638		2,114,129
Cash flow from operations		151,544		394,071



Enterprise Fund – Solid Waste Fund

		2020		2019
Cash	\$	117,919	\$	335,072
Unrestricted Net Position		92,847		347,282
Cash flow from operations		(117,530)		(32,243)



Enterprise Fund – Emergency Medical Services Fund

		2020		2019
Cash	\$	0	\$	0
Unrestricted Net Position		(1,083,048)		(1,032,137)
Cash flow from operations		(741,702)		(737,362)

Significant Deficiency/Noncompliance

US Department of Agriculture

Passed through the NC Dept. of Health and Human Services

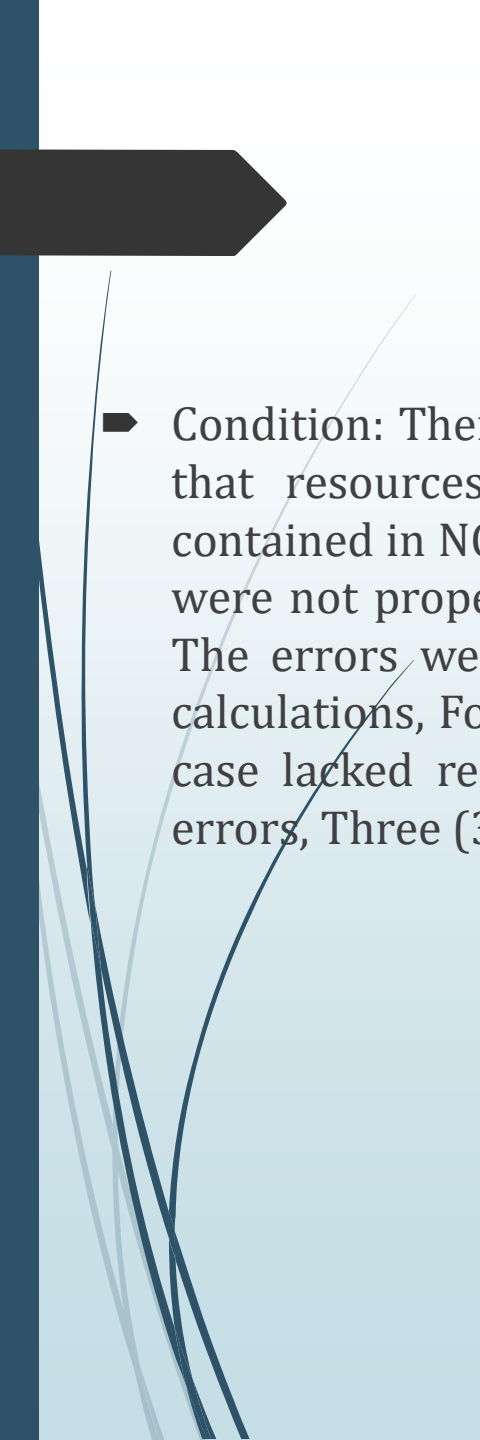
Program Name: Medical Assistance Program (Medicaid; Title XIX)

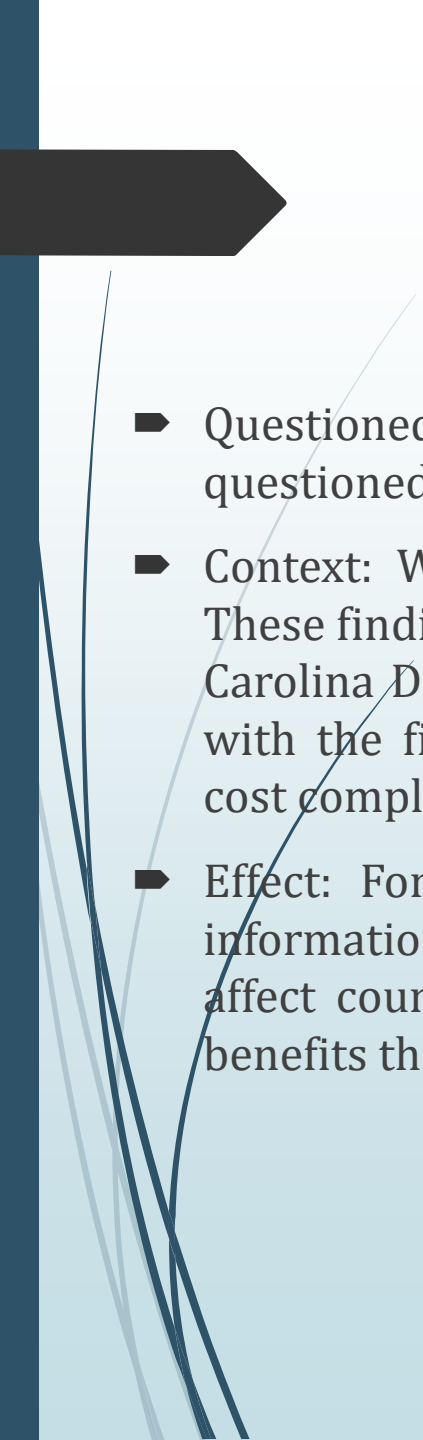
CFDA # 93.778

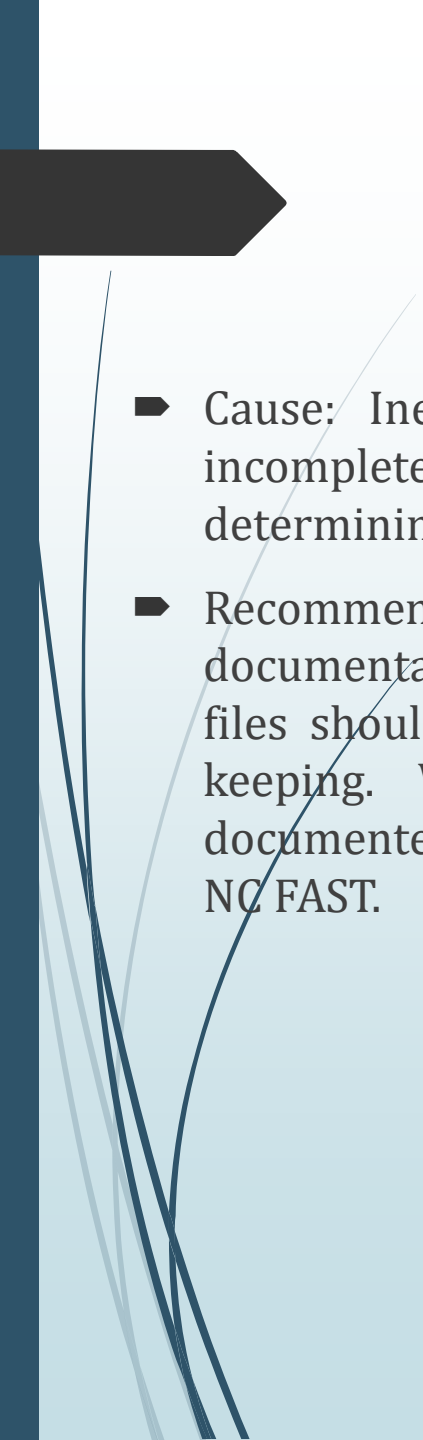
Finding: 2020 – 001

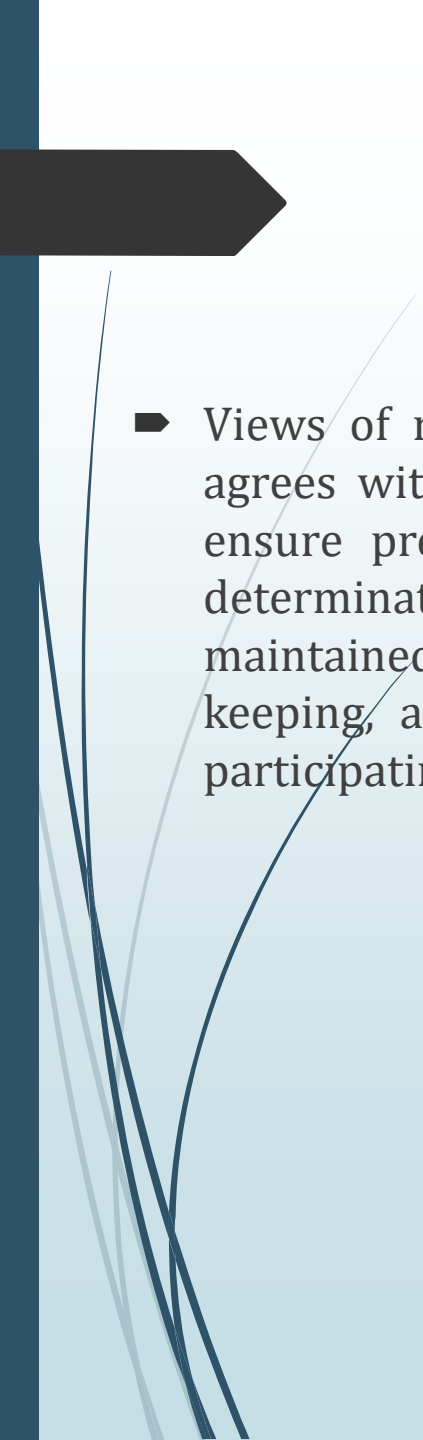
Eligibility

- Criteria: Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, documentation should be present and agree back to the records in the NC FAST system. Any items discovered in the process should be considered resources and explained within the documentation.

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- Condition: There were eighteen (18) errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable. The errors were as follows: Four (4) cases did not have accurate resource calculations, Four (4) cases did not have accurate budget calculations, One (1) case lacked required documentation, and Six (6) cases contained an input errors, Three (3) cases failed to run online data for all household members.

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- Questioned Costs: There was no affect to eligibility and there were no questioned costs.
 - Context: We examined 60 Medicaid applicants to re-determine eligibility. These findings were disclosed in a separately issued spreadsheet to the North Carolina Department of Health and Human Services and are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.
 - Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which affect countable resource and a participant could have been approved for benefits that they were not eligible.

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- Cause: Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
 - Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST.

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- Views of responsible officials and planned corrective actions: The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations. The County finance office will also be participating in the review process.



Discussion & Questions