Buncombe County
Presentation of 2021 Audit Results

March 15, 2022
Firm Overview

• CLA is the 8th largest public accounting firm in the country. CLA exists to create opportunities for our clients and our communities through industry-focused wealth advisory, outsourcing, audit, tax and consulting services.
Audit Services Performed

**Financial Statements**
- Audit of the County’s Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021, in accordance with *Government Auditing Standards*.

**Federal Compliance**
- Single Audit in accordance with Uniform Guidance and the State Single Audit Implementation Act.
- Includes audit of the Schedule of Expenditures of Federal and State Awards (SEFSA) and certification of the Data Collection Form.
<table>
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<th>Reports to be Delivered</th>
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Required Communications to Governance

• Auditors’ Opinion on Financial Statements
  o Unmodified opinion
  o Emphasis of Matter Paragraph
    ▪ Implementation of GASB 84 – *Fiduciary Activities* – Our opinion was not modified as a result of this matter

• Auditors’ Opinion on Compliance
  o Unmodified opinion

• Scope and timing of audit proceeded as planned

• Significant accounting policies
  o In accordance with generally accepted accounting principles and consistent with industry practices and standards

• Significant estimates within the financial statements
  o Landfill post-closure liability
  o Pension liability
  o Claims liability
  o OPEB liability
Required Communications to Governance

- No material audit adjustments
- Uncorrected misstatements
  - OPEB Liability – Actuarial Error
  - Impact of prior year accrual adjustments
- No difficulties encountered in performing the audit
- No disagreements with management
- Management was very cooperative, helpful, and professional during the audit process
2021 Impact

• The Federal Office of Management and Budget (OMB) extended single audit deadlines
  o OMB issued the 2021 Compliance Supplement later than expected
    ▪ Have since issued 2 addendums
    ▪ Did not provide Compliance Supplement for programs as planned

• Pandemic-related Federal Grant Programs will be high-risk every year and are now required to be tested annually

• GASB Statement No. 84 – Fiduciary Activities
  o The County was required to evaluate all prior Agency Funds and assess all activity sources and flows to adjust the financial statements.
  o County management made great effort to do this accurately and thoroughly
Audit Approach Summary

• We have assessed the following areas to be of higher audit risk:
  • Overall internal control environment and management override of controls
    • Remote and in-person as necessary
  • Payables and cutoff of accruals
  • Revenue recognition - cutoff, classification, collectability
  • Grant compliance and Pandemic Related Revenues
    • Coronavirus Relief Fund (CRF)
    • Emergency Rental Assistance (ERA)
    • American Rescue Plan Act (ARPA)
• Areas where findings were noted in the 2020 audit were assessed at higher risk until the findings are resolved
Financial Statement Reported Findings

- None reported

- Suggestions and comments related to process improvements were made verbally to County management. None rose to a level of reportable finding.
Single Audit Results

• Major Federal Programs Tested
  o SNAP Cluster
  o Coronavirus Relief Fund
  o Emergency Rental Assistance
  o Temporary Assistance for Needy Families
  o Medicaid Cluster

• Major State Programs Tested
  o State Foster Care Benefits
  o Juvenile Crime Prevention Council Programs
Single Audit Results

- Single Audit Reports Issued
    - Unmodified opinion
    - No reported findings
    - Unmodified opinion
    - No reported findings
Year to Year Finding Summary

2018 Audit
- 6 Material Weaknesses Over Financial Reporting
- 9 Significant Deficiencies Over Financial Reporting
- 1 Instance of Noncompliance
- 3 Significant Deficiencies Over Internal Control and Compliance

2019 Audit
- 1 Material Weakness Over Financial Reporting
- 2 Significant Deficiencies Over Internal Control and Compliance

2020 Audit
- 1 Significant Deficiency Over Internal Control and Compliance

2021 Audit
- No findings
Highlights of Financial Position as of June 30, 2021

- Management’s Discussion and Analysis – Pages 7 through 17
- General Fund Financial Statements – Pages 24 and 26
  - Total Fund Balance of $116.7 million
  - Components of Fund Balance:
    - Total Nonspendable Fund Balance of $0.1 million
    - Total Restricted Fund Balance of $25.7 million
    - Total Committed Fund Balance of $15.1 million
    - Total Assigned Fund Balance of $9.3 million
    - Total Unassigned Fund Balance of $66.5 million
  - Increase in Fund Balance of $18.9 million
- General Fund Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget to Actual – Pg 28
  - Revenues were $19.3 million above budget
  - Expenditures were $17.9 million less than budgeted
  - Increase in Fund Balance was $18.9 million compared to a budgeted decrease of $15.5 million
2022 and Beyond

• New GASB Statements Impacting the County
  o GASB No. 87 – Leases (2022)
  o GASB No. 96 – Subscription-Based Technology Arrangements (2023)

• Information Technology Security

• Continued focus on compliance related to the pandemic response and recovery funding
Questions?

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