



Buncombe County Presentation of 2021 Audit Results

March 15, 2022

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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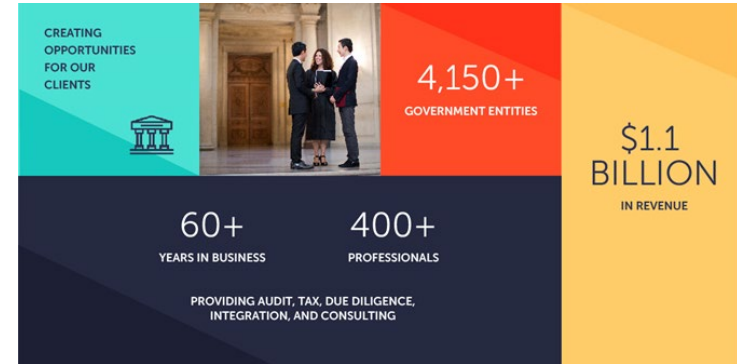
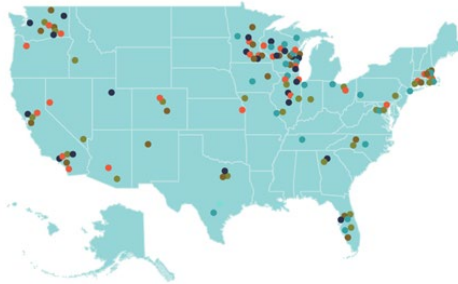
Firm Overview

- 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.

MORE THAN
7,400
PEOPLE

MORE THAN
120
U.S. LOCATIONS

WE ARE PART OF A
GLOBAL
AFFILIATION



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



Reports to be Delivered

<p>Independent Auditors' Report</p>	<p>Report on Internal Control Over Financial Reporting and On Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> (Yellow Book Report)</p>	<p>Independent Auditors' Report on Compliance For Each Major Federal and State 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 State Single Audit Act (Single Audit Report)</p>	<p>Governance Communication</p>
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Required Communications to Governance

- Auditors' Opinion on Financial Statements
 - Unmodified opinion
 - 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
 - Unmodified opinion
- Scope and timing of audit proceeded as planned
- Significant accounting policies
 - In accordance with generally accepted accounting principles and consistent with industry practices and standards
- Significant estimates within the financial statements
 - Landfill post-closure liability
 - Pension liability
 - Claims liability
 - 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



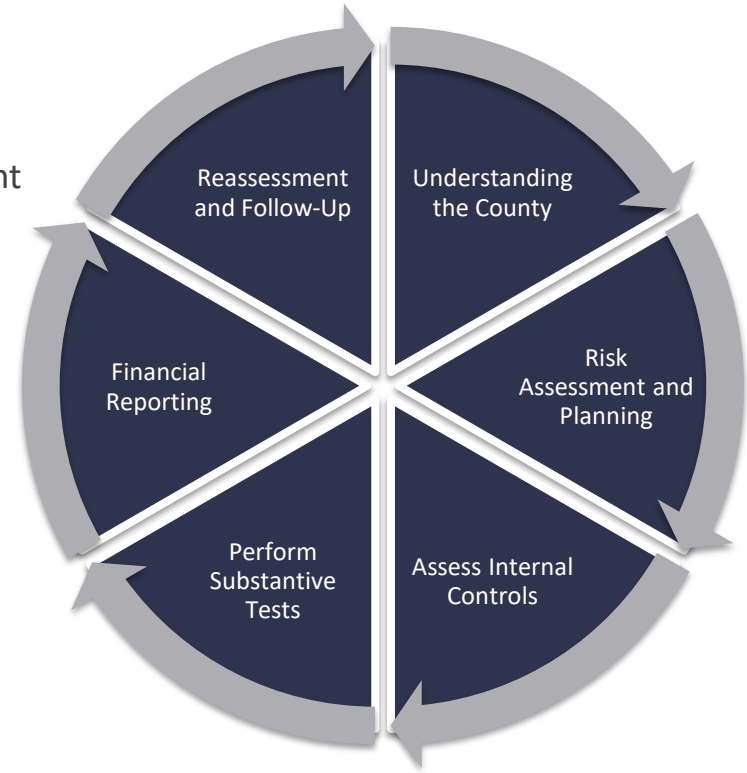
2021 Impact

- The Federal Office of Management and Budget (OMB) extended single audit deadlines
 - 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*
 - The County was required to evaluate all prior Agency Funds and assess all activity sources and flows to adjust the financial statements.
 - 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
 - SNAP Cluster
 - Coronavirus Relief Fund
 - Emergency Rental Assistance
 - Temporary Assistance for Needy Families
 - Medicaid Cluster
- Major State Programs Tested
 - State Foster Care Benefits
 - Juvenile Crime Prevention Council Programs

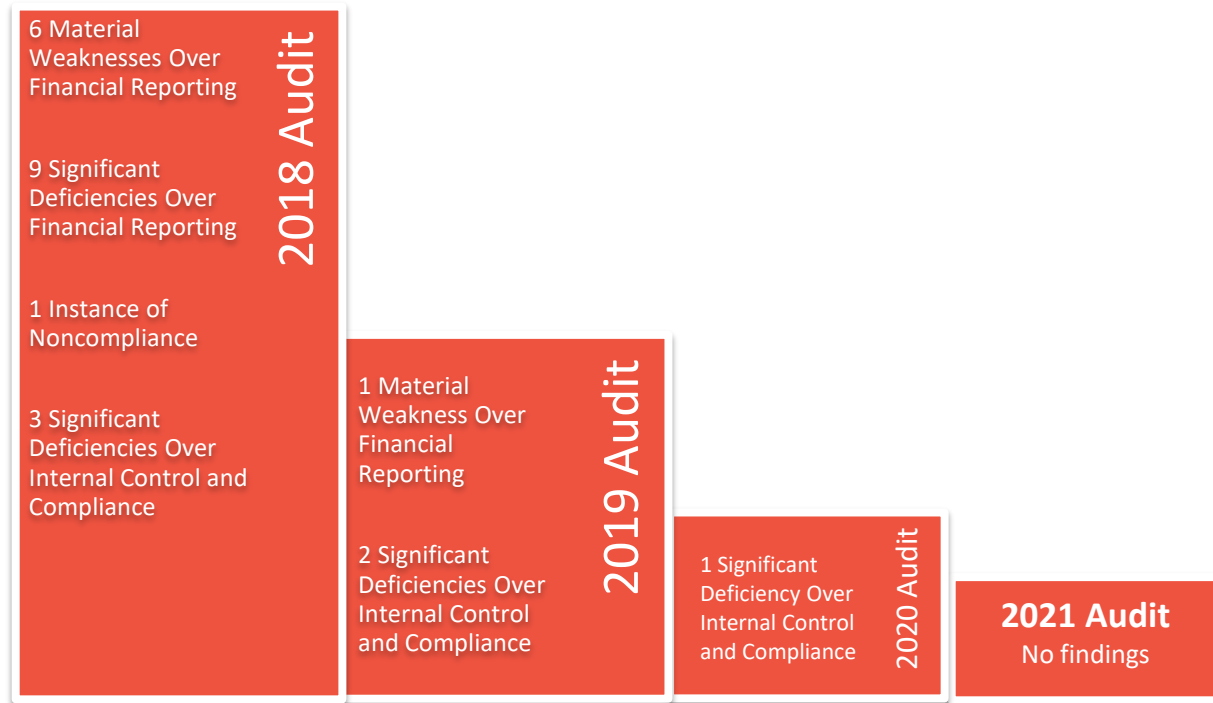


Single Audit Results

- Single Audit Reports Issued
 - Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance, In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act
 - Unmodified opinion
 - No reported findings
 - Independent Auditors' Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance, In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act
 - Unmodified opinion
 - No reported findings



Year to Year Finding Summary



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
 - GASB No. 87 – *Leases (2022)*
 - *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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