

RE: Draft and MD&A

Glory VanOver <gvanover@gk-cpa.com>

Wed 1/4/2023 10:44 AM

To: Brandi Burleson <Brandi.Burleson@yanceycountync.gov>

Cc: Travis Kever <tkeever@gk-cpa.com>

 14 attachments (853 KB)

Adjusting Entries.xlsx; Fund 10.pdf; Fund 20.pdf; Fund 22.pdf; Fund 23.pdf; Fund 25.pdf; Fund 28.pdf; Fund 29.pdf; Fund 30.pdf; Fund 40.pdf; Fund 41 (Opioid).pdf; Fund 42 (ARPA).pdf; Fund 70,74,75.pdf; Fund 71.pdf;

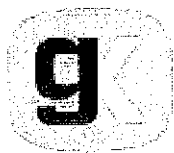
Thanks!

I've attached our AJEs and final TBs for all the funds, the entries that affected Emergency Management and Recycling are AJEs 2 & 5. For Emergency Management, current year expenses were posted to fund balance, which we needed to move to its correct department in order to agree fund balance to prior year financial statements. As for Recycling, insurance proceeds were posted to capital outlay accounts which reduced those account balances, however that needs to be shown as revenue (proceeds from insurance).

Let me know if you have any questions!

Glory VanOver

Senior Accountant | gvanover@gk-cpa.com

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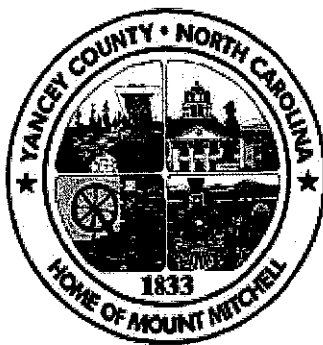


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From: Brandi Burleson <Brandi.Burleson@yanceycountync.gov>**Sent:** Tuesday, January 3, 2023 1:27 PM**To:** Glory VanOver <gvanover@gk-cpa.com>**Subject:** Re: Draft and MD&A

I am attaching the MD&A, most of the areas are still the same. Also, in the notes, there is an overage for Emergency Management and Recycling but I am not showing that on my budget printouts. Is there an adjusting entry somewhere that I haven't heard about?

Brandi Burleson
Finance Officer
110 Town Square, Room 11
Burnsville, NC 28714
828-682-3971



From: Glory VanOver <gvanover@gk-cpa.com>
Sent: Tuesday, January 3, 2023 10:31 AM
To: Brandi Burleson <Brandi.Burleson@yanceycountync.gov>
Subject: Draft and MD&A

Hey Brandi

I've attached a draft of the Statements and the Footnotes for you to review—anything in yellow we've still gotta update. I've also attached the MD&A and highlighted in green the sections I need you to update.

Let me know if you have any questions, thanks!

Glory VanOver
Senior Accountant | gvanover@gk-cpa.com



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Yancey County

Year End: June 30, 2022

Adjusting Journal Entries

Date: 7/1/2021 To 6/30/2022

Number	Date	Name
1	6/30/2022	CASH-FIRST CITIZENS
1	6/30/2022	CASH FIRST CITIZENS - OPIOID
1	6/30/2022	DEFERRED REVENUE - OPIOID
1	6/30/2022	DOGWOOD TRUST-OPIOID PLANNING
1	6/30/2022	OPIOID CLASS ACTION SETTLEMENT
1	6/30/2022	DOGWOOD TRUST - OPIOID PLANNIN
to adjust opioid settlemnt funds		
to actual (only spent 5k of the 300k--rest is deferred in *new* fund)		
2	6/30/2022	FUND BALANCE RESERVED FOR ENCU
2	6/30/2022	FUND BALANCE RESERVED FOR ENCU
2	6/30/2022	FUND BALANCE RESERVED FOR ENCU
2	6/30/2022	FUND BALANCE RESERVED FOR ENCU
2	6/30/2022	FUND BALANCE RESERVED FOR ENCU
2	6/30/2022	FUND BALANCE RESERVED FOR ENCU
2	6/30/2022	SERVICE & MAINT CONTRACTS
2	6/30/2022	MISCELLANEOUS EXPENSES
2	6/30/2022	CAPITAL-VEHICLES
2	6/30/2022	CAPITAL-VEHICLES
2	6/30/2022	CAPITAL-VEHICLES
2	6/30/2022	CAPITAL-VEHICLES
to correct fund balance for items posted that are CY Exps		
3	6/30/2022	CASH-FIRST CITIZENS
3	6/30/2022	CASH-FIRST CITIZENS
3	6/30/2022	CASH-FIRST CITIZENS
3	6/30/2022	CASH-FIRST CITIZENS
3	6/30/2022	CASH-FIRST CITIZENS
3	6/30/2022	CASH-FIRST CITIZENS
3	6/30/2022	SENIOR CENTER - PRINCIPLE
3	6/30/2022	E-911 EQUIPMENT PMT-INTEREST
3	6/30/2022	E-911 EQUIPMENT PMT-PRINCIPAL
3	6/30/2022	VEHICLE LEASE - PRINCIPLE
3	6/30/2022	VEHICLE LEASE - INTEREST
3	6/30/2022	HOME & COMM CARE BLOCK GRANT
3	6/30/2022	CAPITAL-VEHICLES

3	6/30/2022	CAPITAL-VEHICLES
3	6/30/2022	CAPITAL-VEHICLES
3	6/30/2022	SHERIFF VEHICLE-INT
3	6/30/2022	SHERIFF VEHICLE-PRINCIPAL
3	6/30/2022	SENIOR CENTER - INTEREST

to reclass principal and interest
payments

4	6/30/2022	ACCOUNTS PAYABLE
4	6/30/2022	retainage payable
4	6/30/2022	EY SEWER CONSTRUCTION
4	6/30/2022	EY SEWER CONSTRUCTION

to accrue retainage and AP

5	6/30/2022	PROCEEDS FROM INSURANCE
5	6/30/2022	PROCEEDS FROM INSURANCE
5	6/30/2022	PROCEEDS FROM INSURANCE
5	6/30/2022	SHERIFF DEPT-VENDING
5	6/30/2022	CAPITAL-VEHICLES
5	6/30/2022	R&M AUTOS
5	6/30/2022	CAPITAL-OTHER EQUIPMENT
5	6/30/2022	PROCEEDS FROM SALE OF ASSETS

to reclass proceeds from asset
sale and insurance to revenue

6	6/30/2022	ACCOUNTS PAYABLE
6	6/30/2022	A/P YEAR END PAYMENTS
6	6/30/2022	A/P YEAR END PAYMENTS
6	6/30/2022	ARCHITECT, DESIGN & CONST ADM
6	6/30/2022	RECREATIONAL GROUNDS EXPENSES
6	6/30/2022	PARKING AREA PICNIC&POOL

to adjust AP in the CPF to actual

7	6/30/2022	DOUBTFUL ACCTS - SOLID WASTE
7	6/30/2022	A/R - DUE FOR SOLID WASTE
7	6/30/2022	DEFERRED REVENUE-SOLID WASTE

Propose adjustment to Solid Waste
Receivable and Deferred Revenue

10	6/30/2022	AD VALOREM TAXES-RECEIVABLE-16
10	6/30/2022	ADVALORM TAXES-RECEIVABLE 17
10	6/30/2022	AD VALOREM TAXES - REC 2018
10	6/30/2022	ADVALOREM TAXES-RECEIVABLE 19
10	6/30/2022	ADVALOREM TAXES- RECEIVABLE 20
10	6/30/2022	AD VALOREM TAXES-RECEIVABLE - 21
10	6/30/2022	AD VALOREM TAXES RECEIVABLE-11
10	6/30/2022	AD VALOREM TAXES - REC 12
10	6/30/2022	AD VALOREM TAXES - REC 2013
10	6/30/2022	AD VALOREM TAXES-RECEIVABLE-14
10	6/30/2022	AD VALOREM TAXES-RECEIVABLE-15

To adjust property tax receivable
account to agree w/ Outstanding nonvehicle tax report

11	6/30/2022	FIRE TAXES RECEIVABLE
11	6/30/2022	DEFERRED REVENUE
11	6/30/2022	DOUBTFUL ACCTS-PROPERTY

to adjust Fire Tax Receivable &
Allowance

12	6/30/2022	DEFERRED REVENUE
12	6/30/2022	DOUBTFUL ACCTS-PROPERTY

To adjust allowance for Taxes
Receivable

13	6/30/2022	ESCROW - FIRST CITIZENS
13	6/30/2022	LOAN PROCEEDS

To reclass loan proceeds to
correct the escrow account to actual

14	6/30/2022	EMERGENCY MGMT-PERFORMANCE
14	6/30/2022	EMERG MGMT - SPECIAL GRANTS

To reclass EMPG funds to correct
accounts to agree to reconciliation at SA 99.12

15	6/30/2022	CASH FIRST CITIZENS - COOPERATIVE EXTENSION
15	6/30/2022	CASH FIRST CITIZENS - COOPERATIVE EXTENSION
15	6/30/2022	A/P YEAR END - COOPERATIVE

to record cooperative extension
cash

16	6/30/2022	TRANSFER TO GENERAL FUND
16	6/30/2022	AMERICAN RECOVERY ACT FUNDS
16	6/30/2022	SALARIES - EMS
16	6/30/2022	SALARIES - SHERIFF'S OFFICE
16	6/30/2022	SALARIES - DETENTION FACILITY
16	6/30/2022	FRINGE - EMS
16	6/30/2022	FRINGE - SHERIFF'S OFFICE
16	6/30/2022	FRINGE - DETENTION OFFICERS
16	6/30/2022	AMERICAN RESCUE ACT FUNDS

to move ARPA money into its own
fund

17	6/30/2022	DEFERRED REVENUE
17	6/30/2022	DEFERRED REVENUE
17	6/30/2022	DEFERRED REVENUE
17	6/30/2022	GRANT-CAP PROJ - STATE SCIF
17	6/30/2022	DOGWOOD TRUST GRANT
17	6/30/2022	FEMA-DESIGN & ENGINEERING
17	6/30/2022	PUBLIC SAFETY REV-STATE SCIF

to adjust deferred revenue to
actual

18	6/30/2022	STATE REVOLVING LOAN
18	6/30/2022	STATE REVOLVING LOAN
18	6/30/2022	REVOLVING LOAN FUNDS
18	6/30/2022	START UP FUNDS

to record loan in east yancey fund

19	6/30/2022	UNDESIGNATED FUND BALANCE
19	6/30/2022	FUND BALANCE
19	6/30/2022	ACCT PAYABLE-YEAR END
19	6/30/2022	ACCOUNTS PAYABLE
19	6/30/2022	ACCT PAYABLE-YEAR END

to correct fund balance in fire
district fund and rep payee fund to agree to PY financials

20	6/30/2022	CASH-FIRST CITIZENS
20	6/30/2022	COLLECTIONS ON BEHALF OF INMATES
20	6/30/2022	PAYMENTS TO INMATES
20	6/30/2022	FC - YANCEY NEIGHBORS

20	6/30/2022	CASH-F/C-DETENTION FACILITY AC
20	6/30/2022	YANCEY NEIGHBORS EXPENSES
20	6/30/2022	FC - YANCEY NEIGHBORS
20	6/30/2022	A/P - YANCEY NEIGHBORS
20	6/30/2022	KIMBELL'S COMMISSIONARY
20	6/30/2022	KIMBELL'S COMMISSIONARY
20	6/30/2022	YANCEY NEIGHBORS - FUNDRAISING

to move inmate commissary & yancey
neighbors out of rep payee fund

21	6/30/2022	DEFERRED REVENUE-OTHER
21	6/30/2022	CONT TO FUND 40-CAPITAL PROJEC

to correct transfer in the general
fund

22	6/30/2022	Fund Balance
22	6/30/2022	EY SEWER CONSTRUCTION

To balance east yancy

23	6/30/2022	CASH - CAROLINA FIRST/LIBRARY
23	6/30/2022	CAROLINA FIRST/MONEY MARKET

24	6/30/2022	CASH-FIRST CITIZENS
24	6/30/2022	DUE FROM OTHER GOVT AGENCIES
24	6/30/2022	CASH-FIRST CITIZENS
24	6/30/2022	CR PARK FEMA - FRED

To adjust CY expenses for Flood
Debris clean up and record revenue

25	6/30/2022	ACCOUNTS RECEIVABLE
25	6/30/2022	OCCUPANCY TAX RECEIVABLE

To reclassify o-tax to its own
account

Account No	Debit	Credit
10-1000-0-0-1102 10		-94,546.11
41-1000-0-0-1102 41	94,546.11	
41-2000-0-0-2350-01 41		-94,546.11
10-4100-4325-0-449826 10	294,835.32	
10-4100-4325-0-449848 10	94,546.11	
10-5200-5210-000-569965 10		-294,835.32

10-3000-0-0-3997 10		-1,049.38
10-3000-0-0-3997 10		-2,269.70
10-3000-0-0-3997 10		-30,443.00
10-3000-0-0-3997 10		-6,423.90
10-3000-0-0-3997 10		-2,500.00
10-3000-0-0-3997 10		-68.00
10-4100-4180-000-5440 10	2,500.00	
10-4100-4200-000-5129 10	68.00	
10-4300-4330-000-5540 10	1,049.38	
10-4300-4330-000-5540 10	2,269.70	
10-4300-4330-000-5540 10	30,443.00	
10-4300-4330-000-5540 10	6,423.90	

10-1000-0-0-1102 10	41,060.00	
10-1000-0-0-1102 10	82,825.06	
10-1000-0-0-1102 10	281,405.71	
92-1000-0-0-1102 10		-41,060.00
92-1000-0-0-1102 10		-82,825.06
92-1000-0-0-1102 10		-281,405.71
92-5000-0-0-5829 10	13,993.00	
92-5000-0-0-5860 10	20,100.71	
92-5000-0-0-5861 10	261,305.00	
92-5000-0-0-5869 10	59,027.00	
92-5000-0-0-5872 10	5,527.06	
10-4000-4063-0-4860 10		-41,060.00
10-4300-4310-0-5540 10		-82,825.06

10-4300-4310-0-5540 10		-28,139.71
10-4300-4371-0-5540 10		-253,266.00
92-5000-0-0-5800-03 10	2,632.00	
92-5000-0-0-5800-04 10	15,639.00	
92-5000-0-0-5829-01 10	27,067.00	

30-2000-0-0-2110 30		-42,000.00
30-2000-0-0-2112 30		-92,316.73
30-4900-7135-00-5930-04 30	92,316.73	
30-4900-7135-00-5930-04 30	42,000.00	

26-4300-0-0-5540 10		-9,217.48
10-4100-0-0-4511-01 10		-7,715.83
10-4100-0-0-4511-01 10		-36,548.79
10-4100-4310-0-4510 10	7,154.24	
26-4300-4311-0-5540 10	9,217.48	
10-4500-4521-000-5353 10	7,715.83	
10-4700-4715-000-5550 10	36,548.79	
10-4100-4325-0-4511-01 10		-7,154.24

40-2000-0-0-2110 40	21,753.05	
40-2000-0-0-2112 40	40,089.48	
40-2000-0-0-2112 40		-9,000.00
40-4500-4520-0-556025 40	9,000.00	
40-6100-6121-0-5660-14 40		-40,089.48
40-6100-6123-000-599910 40		-21,753.05

10-1000-0-0-121903 10		-4,000.00
10-1000-0-0-131303 10	968.87	
10-2000-0-0-235003 10	3,031.13	

10-2000-0-0-2150-02 10		-11,514.29
10-2000-0-0-2150-03 10	12,433.00	
10-4100-4130-0-5121 10		-16.25
10-4100-4198-0-5121 10		-13.36
10-4300-4310-0-5121 10		-141.42
10-4300-4322-0-5121 10		-93.38
10-4300-4328-0-5121 10		-22.32
10-6100-6125-0-5121 10		-9.83
10-4500-4155-00-5121 10		-16.03
10-4100-4110-000-5121 10		-12.10
10-4100-4120-000-5121 10		-10.71
10-4100-4140-000-5121 10		-38.94
10-4100-4170-000-5121 10		-10.52
10-4100-4180-000-5121 10		-18.21
10-4100-4190-000-5121 10		-11.46
10-4100-4195-000-5121 10		-13.28
10-4300-4315-000-5121 10		-28.41
10-4300-4330-000-5121 10		-7.93
10-4300-4350-000-5121 10		-17.38
10-4300-4390-000-5121 10		-36.50
10-4500-4520-000-5121 10		-10.98
10-4500-4521-000-5121 10		-5.36
10-4700-4710-000-5121 10		-3.28
10-4700-4715-000-5121 10		-8.85
10-4700-4720-000-5121 10		-8.43
10-4900-4910-000-5121 10		-5.53
10-4900-4950-000-5121 10		-31.31
10-5300-5310-000-5121 10		-38.32
10-5300-5320-000-5121 10		-109.91
10-5300-5330-000-5121 10		-125.16
10-5800-5820-000-5121 10		-2.90
10-5800-5850-000-5121 10		-35.79
10-6100-6120-000-5121 10		-6.09
10-6100-6130-000-5121 10		-8.77

10-1000-0-0-131304 10	88,199.29	
10-1000-0-0-131305 10		-64,000.00
10-2000-0-0-2350-01 10		-24,199.29

10-2000-0-0-2350 10	18,587.19	
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10-1000-0-0-121216 10		-10,317.48
10-1000-0-0-121217 10		-17,383.84
10-1000-0-0-121218 10		-23,345.69
10-1000-0-0-121219 10		-57,082.39
10-1000-0-0-121220 10		-121,217.97
10-1000-0-0-121221 10	223,792.46	
10-1000-0-0-1212-11 10		-9,911.08
10-1000-0-0-1212-12 10		-457.92
10-1000-0-0-1212-13 10		-1,226.52
10-1000-0-0-1212-14 10		-576.16
10-1000-0-0-1212-15 10		-860.60

28-1000-0-0-1214 28		-2,497.70
28-2000-0-0-2350 28	1,497.70	
28-1000-0-0-1219-01 28	1,000.00	

10-2000-0-0-2350 10	7,000.00	
10-1000-0-0-1219-01 10		-7,000.00

10-1000-0-0-110207 10		-172,800.94
10-4100-4325-0-4520 10	172,800.94	

10-4000-4081-0-4905 10		-11,067.51
10-4000-4081-0-4905-01 10	11,067.51	

75-1000-0-0-1102 70	26,789.79	
75-1000-0-0-1102 70	1,689.66	
75-2000-0-0-2112 70		-28,479.45

42-4300-0000-0-000000 42	3,509,691.00	
29-4300-4058-000-499907 29	3,509,691.00	
29-4300-7138-000-512102 29		-1,256,055.00
29-4300-7138-000-512103 29		-883,812.00
29-4300-7138-000-512104 29		-526,064.00
29-4300-7138-000-518102 29		-353,147.00
29-4300-7138-000-518103 29		-310,009.00
29-4300-7138-000-518104 29		-180,604.00
42-4300-4058-000-499907 42		-3,509,691.00

29-2000-0-0-2350 29		-2,485,900.00
40-2000-0-0-2350 40		-96,822.76
40-2000-0-0-2350 40		-5,263,225.00
40-4000-0-0-449847 40	267,285.00	
29-4900-4067-0-499908 29	2,485,900.00	
40-4000-6121-0-481501 40	96,822.76	
40-4300-4310-0-449846 40	4,995,940.00	

30-2500-0-0-2000 30		-329,358.00
30-2500-0-0-2000 30	38,161.60	
30-4900-7135-0-4657 30	329,358.00	
30-4900-7135-00-5931-02 30		-38,161.60

28-3000-0-0-3292 28		-7,580.48
71-2900-000-0-0000 71		-23,002.85
28-2000-0-0-2110-01 28	7,580.48	
71-2000-5310-0-2110 71	22,992.85	
71-2000-5310-0-2110-01 71	10.00	

74-1000-0-0-1102 70	4,510.26	
74-4000-0-0-4000 70		-5,509.30
74-5000-0-0-5000 70	999.04	
71-1000-5310-0-110208 71		-6,229.25

71-1000-5310-0-110211 71		-4,510.26
71-5300-5320-0-599913 71		-500.00
76-1000-5310-0-110208 10	6,229.25	
76-2000-5310-0-110208 10		-6,229.25
71-4300-0000-0-4498-11 71	5,509.30	
71-4300-4322-0-5440-21 71		-999.04
71-4000-0000-000-449824 71	6,729.25	

10-2000-0-0-2350-01 10		-75,000.00
10-5000-7000-0-6000-06 10	75,000.00	

30-3000-0-0-3991 30	39,607.00	
30-4900-7135-00-5930-04 30		-39,607.00

41-6100-6110-0-1107 10	0.23	
41-6100-6110-0-1107-01 10		-0.23

10-1000-0-0-1102 10	14,193.40	
10-1000-0-0-1313 10		-14,193.40
40-1000-0-0-1102 40		-14,193.40
40-6100-6121-0-566015 40	14,193.40	

10-1000-0-0-1209 10		-31,260.99
10-1000-0-0-1211 10	31,260.99	

ON SEFSA	Account	Description	PY
	10-4100-5320-0-4751-03	FRAUD COLLECTIONS	(1,705.00)
	10-4100-5320-0-4751-06	HEALTHCHOICE REVENUES	-
	10-4100-5320-0-4752-21	DISABILITY DETERMINATION	-
	10-4100-5321-0-4750-01	VARIOUS REVENUES	-
✓	10-4100-5321-0-4750-02	ADMIN EXPEND REIMBURSEMENT	(1,787,883.70)
	10-4100-5321-0-4750-05	IV-B ADOPTION VENDOR	(11,496.63)
	10-4100-5321-0-4750-10	IV-E FOSTER CARE	(308,421.28)
	10-4100-5321-0-4750-12	STATE FOSTERCARE BENEFITS	(93,761.02)
	10-4100-5321-0-4750-13	LOW INCOME ENERGY ASST	-
	10-4100-5321-0-4750-14	CRISIS INTERVENTION	-
	10-4100-5321-0-4750-30	FOSTERCARE INDEP (LINKS)	-
	10-4100-5321-0-4750-38	CHILD SUPPORT ENFORCEMENT IV-D	(75.00)
	10-4100-5321-0-4750-39	IV-D INCENTIVE -OFFSET	(18,924.52)
	10-4100-5321-0-4750-50	MEDICAID TRANSPORT - ADMIN	(5,226.85)
	10-4100-5850-0-4753-01	CDC OPERATIONAL 100% FEDERAL	(173,405.70)
	10-4100-5850-0-4753-02	DAY CARE FEES	(14,441.00)
	10-4100-5850-0-4753-03	CDC FOOD PROGRAM REIMBURSEMENT	(12,242.57)
	10-4100-5850-0-4753-04	SPECIAL FUNDS FOR CDC	(15,542.54)
	DSS FEDERAL AND STATE FUNDS		(2,443,125.81)
✓	10-4000-4063-0-4860	HOME & COMM CARE BLOCK GRANT	(220,889.76)
	10-4000-4063-0-4863	SENIOR CTR-STATE FUNDS	-
✓	10-4000-4081-0-4905	EMERGENCY MGMT-PERFORMANCE	(39,377.80)
	10-4000-4371-0-4415	PEDIATRIC EMERG CARE GRANT	-
	10-4100-0-0-4620-01	5310 CAPITAL GRANT	(17,534.00)
	10-4100-4325-0-4004	YCTA- INDIRECT COST REVENUE	(15,147.00)
	10-4100-4325-0-4006	DSS - INDIRECT COST	(50,000.00)
Not on SEFSA	10-4100-4325-0-4316	FOREST SERV-TIMBER RECEIPTS	(44,379.38)
	10-4100-4524-0-4604	AGING PROGRAM TITLE III	(3,133.40)
	10-4100-4524-0-4606	DSS	(96,927.85)
Not on SEFSA	10-4100-4524-0-4609	GENERAL PUBLIC FARES	(10,867.05)
Not on SEFSA	10-4100-4524-0-4610	SPECIAL TRANSIT FARES	(549.39)
	10-4100-4524-0-4616	SMART START REVENUES	(1,491.25)
✓	10-4100-4524-0-4620	SECTION 5311 (FED/STATE)	(103,580.00)
✓	10-4100-4524-0-4626	E&D TAP REVENUE FROM STATE	(19,169.78)
✓	10-4100-4524-0-4627	RGP REVENUE FROM THE STATE	(9,764.76)
✓	10-4100-4524-0-4628	WORK 1ST REVENUE FROM STATE	(4,169.30)
✓	10-4100-5820-0-4600	VETERAN AFFAIRS - STATE	-
	10-4000-4063-0-499903	COVID19-RECOVERY ACT	(22,559.00)
✓	10-4100-4180-0-449603	OSBM REG OF DEEDS GRANT	-
✓	10-4100-4310-0-449827	DEPT OF PUBLIC SAFETY GRANT	-
Not on SEFSA	10-4100-4325-0-449826	DOGWOOD TRUST-OPIOID PLANNING	-
	10-4100-4325-0-449848	OPIOID CLASS ACTION SETTLEMENT	-
	10-4100-4325-0-499903	COVID19-RECOVERY ACT	(772,268.65)
✓	10-4100-4325-0-499904	COVID - ELECTIONS	(146,382.88)
✓	10-4100-4325-0-499906	COVID - FEMA REIM	(45,222.64)

✓	10-4100-4325-0-499916	EDC GRANT - COMMERCE	-
✓	10-4100-4524-0-499903	COVID19-RECOVERY ACT	(184,599.00)
✓	10-4100-5850-0-475305	DAYCARE STABILIZATION GRANT	-
✓	10-4000-4081-0-4905-01	EMERG MGMT - SPECIAL GRANTS	-
Not on SEFSA	10-4100-4325-0-4498-33	ABC BOARD TAX - REHAB	(5,156.81)
	10-4100-4524-0-4620-01	5310 CAPITAL GRANT	-
	10-4100-4524-0-4620-02	SECTION 5310 50% GRANT	(5,917.00)
	OTHER FEDERAL AND STATE GRANTS		(1,819,086.70)
Not on SEFSA	10-4100-4160-0-4450	CLERK-FACILITY FEES	(22,843.59)
Not on SEFSA	10-4100-4325-0-4320	FEDERAL LAND ENTITLEMENT	(111,059.00)
Not on SEFSA	10-4100-4524-0-4618	NURSING HOMES	(10,368.30)
Not on SEFSA	10-4100-4310-0-449822	SRO PERSONNEL GRANT - YCS	(33,333.00)
Not on SEFSA	10-4100-4524-0-462201	YCTA-AMY WELLNESS GRANT	(21,031.56)
	OTHER RESTRICTED		(198,635.45)
	20-4000-4062-0-470018	NCDOT ROAD WIDENING REIM	(579,903.63)
	OTHER FEDERAL AND STATE GRANTS		(579,903.63)
✓	22-4000-0-0-4500-10	GOV CRIME COMMISSION(FED)	(34,499.44)
✓	22-4000-0-0-4500-46	JCPC ADMINISTRATION GRANT	(6,730.00)
✓	22-4000-0-0-4500-47	MOUNTAIN CHALLENGE GRANT	(31,877.00)
✓	22-4000-0-0-4500-51	DJJDP-JUVENILE MEDIATION	(3,781.00)
✓	22-4000-0-0-4500-52	DJJDP-PROJECT CHALLENGE	(33,004.00)
✓	22-4000-0-0-4500-54	DJJDP-FAMILY BASED COUNSELING	(8,000.00)
✓	22-4000-0-0-4500-87	DJJDP - CROSSNORE SCHOOL	(5,313.00)
	OTHER FEDERAL AND STATE GRANTS		(123,204.44)
Not on SEFSA	23-4000-0-0-4901	E-911 SURCHARGE	(152,875.92)
	RESTRICTED INTERGOVERNMENTAL		(152,875.92)
Not on SEFSA	29-4300-4058-000-499907	AMERICAN RECOVERY ACT FUNDS	-
	29-4300-4058-000-4999-07	AMERICAN RECOVERY ACT FUNDS	-
	29-4900-4067-0-499908	DOGWOOD TRUST GRANT	-
	29-4900-4067-0-4999-08	DOGWOOD TRUST GRANT	-
	COMMUNITY PROJECTS FUND		-
	30-4900-7135-0-4650	RURAL CTR GRANT-EAST YANCEY	-
	30-4900-7135-0-4651	TOWN MATCH TO RURAL CTR GRANT	-
✓	30-4900-7135-0-4652	REIM - DIVIS OF WATER QUALITY	-
	30-4900-7135-0-4653	YANCEY COUNTY MATCH	-
✓	30-4900-7135-0-4656	ARC GRANT - EY W&S	(74,097.67)
	EAST YANCEY WATER PROJECT		(74,097.67)
	30-4900-7135-0-4657	REVOLVING LOAN FUNDS	-
	EAST YANCEY WATER PROJECT - Proceeds		-

30-4900-7135-00-5930-01	TECHNICAL SERVICES-PHASE 1	-
30-4900-7135-00-5930-02	TECHNICAL SERVICES- PHASE 2	-
30-4900-7135-00-5930-03	RIGHT OF WAY - PROPERTY AQ	-
30-4900-7135-00-5930-04	EY SEWER CONSTRUCTION	265,232.79
30-4900-7135-00-5931-02	START UP FUNDS	40,595.44
EAST YANCEY WATER PROJECT		305,828.23

✓	40-4000-0-0-449847	GRANT-CAP PROJ - STATE SCIF	-
✓	40-4000-0-0-450063	WATERSHED RESTORATION REVENUES	-
✓	40-4000-0-0-499915	CDBG-COMM RESOURCE CTR & SUBSIS	-
	40-6100-4071-0-4920	US FISH & WILDLIFE	(31,000.00)
✓	40-4000-6121-0-481501	FEMA-DESIGN & ENGINEERING	(271,200.44)
✓	40-4300-4310-0-449846	PUBLIC SAFETY REV-STATE SCIF	-
	40-4500-4073-0-4700-19	NCDOT-TRANSIT BLDG AWARD	-
✓	40-6100-4071-0-4511-02	PARTF GRANT REVENUES	-
CAPITAL PROJECT FUND			(302,200.44)

40-4700-6126-0-568012	WATERSHED RESTORATION EXPENSES	-
40-4900-4920-0-519308	PROF SERV - ENGINEERING	-
40-4300-4310-00-519308	PROF SERV - ENGINEERING	-
40-5000-6123-0-5680-11	OLD LIBRARY RENO EXPENSES	-
40-6100-6123-000-599902	ADMINISTRATION FEES	10,189.20
40-6100-6123-000-599904	STORM WATER & STREAM RESTORE	-
40-6100-6123-000-599905	STORMWATER DESIGN	2,025.00
40-6100-6123-000-599907	SIDEWALK EXT, TRAILS, BRIDGES	149,548.20
40-6100-6123-000-599908	FITNESS & PLAY EQUIP	173,161.25
40-6100-6123-000-599909	RAIN GARDENS	263.08
40-6100-6123-000-599910	PARKING AREA PICNIC & POOL	43,221.00
40-6100-6123-000-599911	OUTDOOR CLASS, PLAZA, EQUIP	69,130.55
40-6100-6123-000-5660-13	CONTINGENCY	750.00
40-6100-6121-0-566015	CR PARK FEMA - FRED	-
40-6100-6121-0-5660-14	RECREATIONAL GROUNDS EXPENSES	679,555.69
40-4900-6127-0-5882	CDBG - ADMIN	-
40-4900-6127-0-588001	CDBG - COMMUNITY RESOURCE CTR	-
40-4900-6127-0-588002	CDBG - SUBSISTENCE PAYMENTS	-
40-4900-6127-0-5880-01	CDBG - COMMUNITY RESOURCE CTR	-
40-4900-6127-0-5880-02	CDBG - SUBSISTENCE PAYMENTS	-
40-4500-4520-0-556025	ARCHITECT, DESIGN & CONST ADM	-
CAPITAL PROJECT FUND - Expense		1,127,843.97

✓	42-4300-4058-000-499907	AMERICAN RESCUE ACT FUNDS	-
ARPA FUND - Expense			-

CY

Notes

(800.00)

-

-

(34,978.58)

(2,231,552.99) Received WC302, pass on questions

(8,781.39)

(254,464.39) Received WC302, pass on questions

(59,058.54)

-

-

(700.13)

(25.00)

(14,041.66)

(4,154.12)

(119,309.00) Received WC302, pass on questions

(16,270.00)

(11,825.24)

(24,558.00)

(2,780,519.04)

(221,735.55)

-

(63,048.84)

(1,500.00)

-

-

-

(51,346.47)

(1,096.35)

(89,673.13)

(10,408.51)

(4,554.96)

(5,145.70)

(102,686.49)

(58,035.00)

(57,100.00)

(6,613.00)

(2,108.69)

-

(2,000.00)

(84,269.66) See Brandi's response @ WP ref

(5,164.68)

-

- PY CARES Act - none in CY

- See Brandi's response @ WP ref

(5,649.68)

(200,000.00) See Brandi's response @ WP ref

(56,097.00)

(62,520.12)

(12,000.00)

(5,203.86)

(35,391.00)

(21,235.93)

(1,164,584.62)

(24,852.45)

(113,771.00)

(8,850.20)

(66,666.00)

(20,125.59)

(234,265.24)

- PY NCDOT Reimbursement - none in CY

-

(23,382.50) GK Rec'd confirm - no further questions

(7,005.00)

(34,417.00)

(4,500.00)

(34,783.00)

(8,000.00)

-

(112,087.50)

(94,542.43)

(94,542.43)

(14,100.00)

(14,100.00)

(226,817.00) See WP Ref

(220,503.17)

(447,320.17)

-

-

-
-
-
870,291.59

49,216.45

919,508.04

(82,715.00) Old Library Project

(404,575.00) NCDOA Watershed

(71,860.71) Community Center - Farmer's Market

(330,523.29) **Amt to SEFSA: \$87k (CY expenditure)**

(4,060.00) Public Safety Annex Project

(250,000.00) Ray Cort Project - Finished in FY22

(1,143,734.00)

404,200.00 NCDOA Watershed

114,900.00 Little Leaf Project

4,059.84 SCIF Grant - PS Annex

82,715.00 SCIF Grant - Old Library Project

1,521.50 Ray Cort park

640.00 Ray Cort park

- Ray Cort park

1,120.00 Ray Cort park

600.00 Ray Cort park

- Ray Cort park

3,325.15 Ray Cort park

- Ray Cort park

- Ray Cort park

38,638.40 FEMA-Fred

49,236.00 FEMA-Fred

22,500.00 CDBG

35,260.46 CDBG

14,100.25 CDBG

- CDBG

- CDBG

39,780.00 Transportation Building

812,596.60

(3,509,691.00)

(3,509,691.00)

GENERAL FUND

SCHOOL

GRANT FUND

COMMUNITY PROJECT FUND (ARPA)

EAST YANCEY WATER PROJECT

CAPITAL PROJECT FUND

PREPARING THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Client Name: Yancey County

Responsible Party: Brandi Burleson

A. Responsibility for the SEFSA

- a. The auditee is ultimately responsible for preparation of the SEFSA. Although the auditor may assist in the preparation, the auditee must provide sufficient oversight of the process in order to safeguard our independence.
- b. Required steps for GK to assist in preparing your SEFSA:
 - i. **Provide a narrative documenting your system of internal controls specifically over the preparation of the SEFSA.** Your internal controls should include a review of the GL to identify all federal and state awards and reconciliation to the accounting records and other documentation for completeness. Include a detailed description of how the reconciliation is performed and specify the person(s) responsible for each step. Include the narrative below.
 - ii. **We have provided a list of revenues identified as restricted intergovernmental revenues across all funds for your input.** Please indicate the grant name, whether the grant is federal or State, and the applicable AL number. If a federal award is passed through, please include the pass-through entity identifying number. If a revenue is not a federal or State grant, please indicate the source. Also indicate the GL account where the expenditures are recorded, if the amount expended does not equal the amount received during the year.
 - iii. **You should review and reconcile the information on the SEFSA to the state reports and your GL.** Once we've completed a draft of the SEFSA, we will provide you with the draft for your review and approval, including all confirmations, state forms and the worksheets used during the preparation. At the wrap-up of the audit, we will obtain your acknowledge of this process and formal approval of the final version of the SEFSA.

B. Required SEFSA Content

- a. **List individual federal (and state) programs by federal (and state) agency.** There are separate sections for federal programs, including state matching portions, and state programs. There should never be federal dollars or AL # reported in the state section. Likewise, state awards (that are not matching federal funds) should never be reported in the federal section. Some common examples are federal foster care vs. state foster care and US DOT assistance vs. NC DOT assistance. There may be a portion of state matching funds reported in the federal section because they are associated with the federal AL# but the separate state programs for foster care and NC DOT are reported separately in the state section.

PREPARING THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

- b. **Identify the Assistance Listing number (AL #.)** The auditee should provide this number based on communications from granting agencies. In the very rare case that an AL # is unknown, the agency number followed by ".U01" can be used. The AL # cannot be left blank.
- c. **Identify and subtotal all federal clusters of programs.** Clusters of programs are identified in the Compliance Supplement. Compare AL #s listed on the SEFSA to the list of clusters to determine if all clusters have been properly identified. Clusters can change from year to year including which program are include and the name of the cluster, so use only the most current Compliance Supplement and update the SEFSA accordingly. Clusters must be identified and subtotaled even if only one of the AL #s comprising the cluster is present on the client's SEFSA.
- d. **Identify all pass-through entities and the identifying number provided by each pass-through entity.** In NC, almost all federal funds are passed through a state agency and the client is a sub-recipient of those federal funds. Direct federal awards are uncommon. It is important that the pass-through entity and the identifying number be reported. The client will have to provide these in most cases, if not included on the state confirmations. The pass-through number cannot be left blank.
- e. **Include all amounts passed-through to sub-recipients.** All amounts passed-through to a sub-recipient must be reported in a separate column on the SEFSA. The auditee is responsible under UG for identifying sub-recipients, informing the sub-recipient of their sub-recipient status, and providing sub-recipient monitoring. JCPC and PSBCF are (almost) always passed-through to sub-recipients, but other programs can be also, such as LIEAP. If there are no sub-recipients the column is not necessary, but a disclosure in the footnotes to the SEFSA that there are no sub-recipients should be added for clarity.
- f. **Loan and loan guarantee programs should continue to be reported on the SEFSA for as long as there are continuing compliance requirements.** In addition to including the total federal awards expended for loan programs during the year, identify in the notes to the SEFSA the outstanding balance of loans at year-end, only for loans with a continuing compliance requirement. The amount expended for a loan with continuing compliance requirements includes not only expenditures during the year, but also the beginning balance of the loan.
- g. **Include notes to the SEFSA that describe significant accounting policies used in the preparation of the SEFSA.** At a minimum, the notes should include the basis of accounting and presentation, whether or not the auditee elected to use the 10% de minimis indirect cost rate, and the identification of state clusters that are different than federal clusters.

PREPARING THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

(PBC) SEFSA Preparation and Review Narrative

6/30/22

Restricted intergovernmental revenues along with their respective expenditures are subject to the County's internal control procedures as laid out in their UG Controls and Internal Control over Financial Reporting documents. To perform the reconciliation of Schedule of Expenditures of Federal and State Awards (SEFSA) to the GL, Finance Officer/Deputy Finance Officer reviews and sends out confirmation requests to Federal and State agencies early July to confirm receipts and AL number for the various programs. Then staff begins by reviewing reports for all restricted intergovernmental accounts and matching to the prior year SEFSA schedule, including accruals/reversal, to reconcile any differences to the confirmations. These are reconciled to existing grants via backup documentation such as agenda items sent to the board, grants contracts/agreements, reimbursement requests, etc. Once reconciled, these are included on the SEFSA according to their AL number, funding agency, and/or recommended cluster.

Confirmations are downloaded at <https://www2.ncdhhs.gov/control/audits15/audit.htm> once available from the Office of the Controller and the NC Department of Health and Human Services. Accruals are calculated either by templates provided by the state or manually with the states yearly and monthly reports. All amounts received by the County are then reconciled to the GL and supporting documentation as noted above. Once reconciled, these are included on the SEFSA based on the state's template's layout, AL number, and/or funding agency. Once the body of the SEFSA is complete, notes to the SEFSA are then completed along with documentation of amounts passed through the County to sub-recipients. County departments are also contacted to obtain new project numbers that may be assigned annually by those pass-through agencies. This information is also included on the SEFSA for project identification. Once complete, Finance Officer reviews the entire report along with supporting documentation.

Contacts Involved:

Brandi Burleson, Finance Director

DRAFT

Yancey County, North Carolina

Calculation of Expenditures of Federal and State Awards
for the year ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title

Federal Awards:

U.S. Department of Agriculture

Food and Nutrition Service

Passed-through the N.C. Dept. of Health and Human Services:

Division of Social Services:

Food and Nutrition Services Cluster

State Administrative Matching Grants for

Food and Nutrition Services Administration

COVID-19 - Food Nutrition Services

Total FNS Cluster

Forest Service

Passed through the Office of State Budget and

Management:

School and Roads - Grants to States

Total U.S. Department of Agriculture

U.S. Housing and Urban Development

Coronavirus - Community Development Block Grant

U.S. Department of Justice

Passed-through N.C. Dept. of Public Safety:

Governor's Crime Commission

Federal AL Number	Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed Through
-------------------------	-------------------------------------	---	-----------------------	-------------------

10.561	FNS	\$ 211,096	\$ -	-
10.561	FNS	17,359	-	-
		<u>228,455</u>	<u>-</u>	<u>-</u>

10.665		89,673	-	-
		<u>318,128</u>	<u>-</u>	<u>-</u>

14.228	20-V-3521	<u>71,861</u>	<u>-</u>	<u>-</u>
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16.738		<u>46,476</u>	<u>-</u>	<u>-</u>
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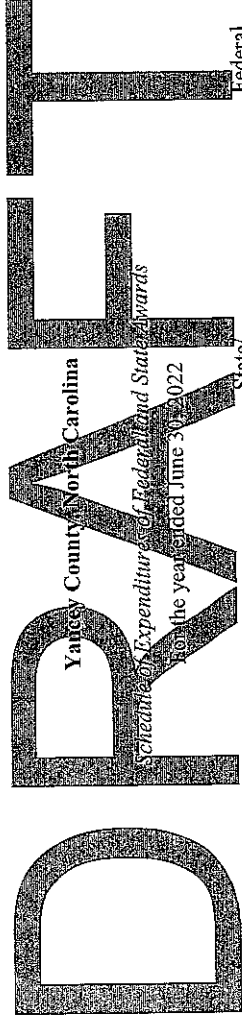
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Yancey County, North Carolina

Schedule of Expenditures of Federal and State Awards

For the year ended June 30, 2022

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through</u>
<u>U.S. Department of Transportation (DOT)</u>					
<u>Federal Transit Administration:</u>					
Passed-through the N.C. Dept. of Transportation:					
Rural Area Program:					
Administration	20.509	36233.113.21.1	99,763	2,924	-
Capital	20.509	36233.113.21.4	35,391	-	-
Special Cares Act Transit Funding	20.509	49233.68.1.2	141,097	-	-
Total Rural Area Program			276,251	2,924	-
Transit Services Program Cluster:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51001.44.7.2/ 51001.44.8.2	21,236	-	-
Total DOT			297,487	2,924	-
<u>U.S. Dept. of Treasury</u>					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
Coronavirus State and Local Fiscal Recovery Fund	21.027		3,469,634	-	-
<u>U.S. Environmental Protection Agency</u>					
Passed-through N.C/ Department of Environmental Quality					
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370504-01	556,175	-	-
<u>Election Assistance Commission</u>					
Passed-through the NC State Board of Elections					
HAVA Election Securities Grant - CARES	90.404		130,783	-	-



Grantor/Pass-Through Grantor/Program Title

U.S. Department of Health and Human Services (DHHS)

Administration on Aging:

Passed-through the High Country Council of Governments:

Aging Cluster:

Home and Community Care Block Grant (HCCBG):

In Home and Support Services

Title III C1 - Congregate Nutrition

Title III C2 - Home Delivered Meals

Total Aging Cluster

Nutrition Services Incentive Program

Total Administration on Aging

Administration for Children and Families:

Passed-through the N.C. Dept. of Health and Human Services:

Division of Social Services:

Foster Care and Adoption Cluster (Note 3):

Administration:

Title IV-E Foster Care

Title IV-E Adoption

Total Foster Care and Adoption Cluster (Note 3)

Special Children Adoption Fund Cluster

TANF/Work First Administration

TANF/Work First Service

Family Preservation

Total Special Children Adoption Fund Cluster

Federal AL Number	Pass-through Grantor's Number	State Expenditures	Passed Through
93.044	21/22 AANCT3SS	93,375	-
93.045	21/22 AANCT3CM	17,298	-
93.045	21/22 AANCT3HD	89,535	-
		200,208	-
93.053	21/22 AACNSIP	12,787	-
		212,995	-
93.658		181,332	-
93.659		2,573	-
		183,905	38,855
93.558		21,829	-
93.558		102,935	-
93.556		(8,597)	-
		116,167	-

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Yancey County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the year ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed Through
Child Support Enforcement	93.563	Child Support Enforcement	58,071	-	-
Low-Income Home Energy Assistance Block Grant:					
Administration	93.568		13,266	-	-
Administration - ARPA	93.568		14,919	-	-
Administration - LIHWAP	93.568		1,549	-	-
Crisis Intervention Program	93.568		80,231	-	-
Low Income Energy Assistance	93.568		310,800	-	-
Low Income Energy Assistance - ARPA	93.568		128,627	-	-
Low Income Household Water Assistance	93.568		11,314	-	-
Total Low-Income Home Energy Assistance Block Grant			560,706	-	-
Permanency Planning Svc & Admin	93.645		4,468	-	-
SSBG Adult Day Care	93.667		12,404	-	-
SSBG Other Services and Training	93.667		94,994	-	-
LINKS	93.674		712	178	-
Total Division of Social Services			1,031,427	39,033	-
Division of Child Development:					
Subsidized Child Care Cluster (Note 3):					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care Development Fund-Administration	93.596		39,450	-	-
Total Administration for Children and Families			1,070,877	39,033	-
Division of Child Development and Early Education (DCDEE)					
Passed-through the N.C. Dept. of Health and Human Services:					
Child Development Contract Cluster (Note 3):					
Child Care Development Fund					
COVID-19 NC Early Childhood Stabilization Grant	93.575	Child Care Quality and Availability	62,520	-	-

DRAFT

Yancey County, North Carolina
Schedule of Expenditures of Federal and State Awards
for the year ended June 30, 2022

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through</u>
<u>Division of Health Benefits</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Medicaid Cluster:					
Administration:					
Medical Assistance Program	93.778	MEDICAL ASSISTANCE	790,284	1,486	-
Slate Children's Insurance Program:					
N.C. Health Choice	93.767		14,158	(19)	-
Total Division of Health Benefits			804,442	1,467	-
Total DHHS			2,150,834	40,500	-
<u>U. S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Crime Control and Public Safety:					
Division of Emergency Management:					
Emergency Management - EMPG Operations	97.042	EMPG-2020-202099	63,049	12,000	-
FEMA Public Assistance Grants:					
COVID-19	97.036		29,232	-	-
TS Fred August 2021- PA	97.036		79,087	8,787	-
Total FEMA Public Assistance Grants			108,319	8,787	-
Enterprise Fund		7100	-	156	-
Total U.S. Dept. of Homeland Security			171,368	20,943	-
Total Federal Awards			7,212,746	64,367	-

DRAFT

Yancey County, North Carolina

Schedule of Expenditures of Federal and State Awards
for the year ended June 30, 2022

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal & (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through</u>
State Awards:					
<u>NC Division of Parks and Recreation , Parks and Recreation Trust Fund</u>		2019-0902	-	7,207	-
<u>N.C. Dept. of Commerce Appalachian Regional Commission</u>		NC-19097	-	220,503	-
<u>NC Department of Agriculture and Consumer Services Division of Soil & Water Conservation Stream Debris Removal</u>		19-091-4080	-	404,200	-
<u>N.C. Dept. of Health and Human Services (NCDHHS) Passed-through High Country Area Agency on Aging Division of Aging and Adult Services: Senior Center General Purchases</u>		21/22 AANCNSIP	-	3,564	-
<u>N.C. Department of Health and Human Services Division of Social Services: Administration: State Child Welfare/CPS Direct Benefit Payments State Foster Home Fund Extended Foster Care (Non IV-E) Total Direct Benefits Total Division of Social Services Total NCDHHS</u>			-	16,359	-
			-	28,915	-
			-	12,370	-
			-	41,285	-
			-	57,644	-
			-	61,208	-
<u>N.C. Department of Public Safety (NCDPS) NC Department of Public Safety - Sheriff's Office Grant Division of Juvenile Justice: Juvenile Crime Prevention Program Total NCDPS</u>		YANCEYCO 2021-2023 1240	-	66,226	-
			-	88,705	88,705
			-	154,931	88,705

DRAFT

Yancey County, North Carolina

Credit of Expenditures of Federal and State Awards
For the year ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed Through
<u>N.C. Department of Military and Veteran Affairs</u> PMVA Community Grant			-	2,109	-
<u>N.C. Department of Commerce</u> Rural Economic Development Division: Rural Economic Development Grant		2022-018-3201-2587	-	200,000	200,000
<u>N.C. Department of Transportation (NCDOT)</u> Rural Operating Assistance Program (ROAP): ROAP Elderly and Disabled Transportation Assistance Program ROAP Rural General Public Program ROAP Work First Transitional - Employment Total NCDOT		DOT-16CL DOT-16CL DOT-16CL	- - -	58,035 57,100 6,613 121,748	- - - -
<u>Office of State Budget and Management</u> State Capital and Infrastructure Grant State Directed Funds- Register of Deeds Total OSBM		SCIF-20691, 20-692 RD-2068RD1	- - -	86,775 2,000 88,775 1,260,681	- - - 288,705
Total State Awards			-	1,325,048	288,705
Total Federal and State Awards			\$ 7,212,746	\$ 1,325,048	\$ 288,705

DRAFT

Yancey County, North Carolina

Schedule of Expenditures of Federal and State Awards

For the year ended June 30, 2022

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal and State grant activity of Yancey County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFA 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 (Uniform Guidance) and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Yancey County, it is not intended to and does not present the financial position, changes in net position or cash flows of Yancey County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Yancey County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

- Child Development Contract Cluster
- Subsidized Child Care
- Foster Care and Adoption

Note 4: Loans Outstanding

Yancey County had the following loan balances outstanding at June 30, 2022 for loans the grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of the loans outstanding at June 30, 2022 consist of:

Program Title	Assistance Listing No.	Pass-through Grantor's	FY 2022		Amount Outstanding
			Expenditure		
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370504-01	\$ 556,175	\$	291,196

Yancey County, North Carolina

Report on Schedule of Expenditures of
Federal and State Awards and
Reports on Compliance and Internal Control

For the fiscal year ended

June 30, 2022

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page(s)</u>
Independent Auditors' 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>	1 – 2
Independent Auditor's Report On Compliance For Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	3 – 5
Independent Auditor's Report On Compliance For Each Major State Program And On Internal Control Over Compliance In Accordance With OMB Uniform Guidance And The State Single Audit Implementation Act.....	6 – 8
Schedule of Findings And Questioned Costs.....	9 – 12
Summary Schedule of Prior Year's Audit Findings.....	12
Corrective Action Plan.....	13
Schedule of Expenditures of Federal and State Awards.....	14 – 20
Notes to the Schedule of Expenditures of Federal and State Awards.....	21



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' 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***

To the Board of County Commissioners
Yancey County
Burnsville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Yancey County, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises Yancey County's basic financial statements, and have issued our report thereon dated January 9, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yancey County's internal control over financial reporting (internal control) to determine the 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 Yancey County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yancey County'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 that is required to be reported under *Government Auditing Standards*.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
January 9, 2023



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

**Report On Compliance For Each Major Federal Program; Report on Internal Control
Over Compliance; In accordance with OMB Uniform Guidance; and the State Single
Audit Implementation Act**

Independent Auditors' Report

To the Board of Commissioners
Yancey County
Burnsville, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yancey County, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and 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 Yancey County's major federal programs for the year ended June 30, 2022. Yancey County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Yancey County complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Yancey County 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 provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Yancey County'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 Yancey County federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Yancey County'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*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. Noncompliance 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 Yancey County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Yancey County'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 Yancey County'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, but not for the purpose of expressing an opinion on the effectiveness of Yancey County'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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 a 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.

A *significant deficiency in internal control over compliance* is a deficiency, or 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2022-01 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Yancey County's response to noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Yancey County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Yancey County is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. Yancey County's corrective action plan was not subjected to the auditing procedures applied in the audit of the compliance and, accordingly, we express no opinion on it.

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 Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Yancey County as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Yancey County's basic financial statements. We issued our report thereon dated January 9, 2023, 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 Yancey County'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 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 basic financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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 Expenditures of Federal and State Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
March 3, 2023



**GOULD KILLIAN
CPA GROUP, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

**Report On Compliance For Each Major State Program; Report on Internal Control
Over Compliance; In accordance with OMB Uniform Guidance; and the State Single
Audit Implementation Act**

Independent Auditors' Report

To the Board of Commissioners
Yancey County
Burnsville, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Yancey County, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and 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 Yancey County's major State programs for the year ended June 30, 2022. Yancey County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Yancey County complied, in all material respects, with the types of 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Yancey County 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 reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Yancey County'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 Yancey County state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Yancey County'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*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. Noncompliance 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 Yancey County's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Yancey County'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 Yancey County'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, but not for the purpose of expressing an opinion on the effectiveness of Yancey County'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, noncompliance with a type of compliance requirement of a State program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 State 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 combination of deficiencies, in internal control over compliance 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.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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. However, material weaknesses or significant deficiencies 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.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
March 3, 2023

YANCEY COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2022

I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(s) identified that are not considered to be material weaknesses ☐ yes ☒ none reported
- Noncompliance material to financial statements noted ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ☒ yes ☐ 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)? ☒ yes ☐ no

The following were audited as major federal programs for the fiscal year ended June 30, 2022:

<u>Program Name</u>	<u>AL #</u>
Medicaid Cluster	93.778, 93.777, 93.775
Coronavirus State and Local Fiscal Recovery Funds	21.027
Capitalization Grants for Clean Water State Revolving Funds	66.458

The threshold for determining Type A programs for Yancey County is \$750,000.

Yancey County does not qualify as a low risk auditee.

YANCEY COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2022

State Awards

Internal control over major State programs:

- Material weakness identified? ☐ yes ☒ no
- Significant deficiency identified
that are not considered to be
material weakness ☐ yes ☒ 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 ☐ yes ☒ no

Major State programs (over \$500,000) for Yancey County for the fiscal year ended June 30, 2022
are:

Program Name

Medicaid Cluster

Capitalization Grants for Clean Water State Revolving Funds

(Clean Water State Revolving Funds)

Stream Debris Removal

YANCEY COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2022

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: Medicaid Assistance Program (Medicaid)
AL #: 93.778

Finding 2022-01: Significant Deficiency in Internal Control

Criteria: Uniform Guidance 2 CFR § 200.303 requires the non-Federal entity to “establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.” Each County in the State is required to submit quarterly reports with the second party review results with a minimum number of second party reviews completed.

Condition: The County is required to complete a minimum number of second party reviews and report the results to the State, which is considered a key control over eligibility determination for Medicaid cases. There is incomplete documentation of the minimum 160 cases that County indicated it performed. GK selected a sample of 10 (10%) of the second party reviews from the list of 99 completed reviews provided by the County and determined that there were no errors in the available cases.

Questioned Costs: No questioned costs.

Context: The County is required to complete at least 16 Adult Medicaid cases and 24 Family/Children Medicaid cases each quarter and send a summarized report to the State, for a total of 160 cases each year. The County was able to provide a list of 99 of these reviews for the audit, which is 62% of the total 160 required.

Cause: Due to lack of documentation, we were not able to sample from a complete population of second party reviews.

Effect: Although the 10 selected second party reviews appeared to be appropriately performed, we are unable to conclude on the effectiveness of this internal control or compliance with the State quality control requirement to ensure their review findings were appropriate and that corrections were made timely.

Identification of repeat finding: This is not a repeat finding.

Recommendation: We would recommend the County make a list of each second party review completed, including the case number, program, date of review, whether there were errors to be corrected. Alternatively, we would recommend that the County use the Second Party Review form provided by the State for all cases and retain a copy of the review until the completion of the audit.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Refer to the corrective action plan below.

IV. State Award Findings and Questioned Costs

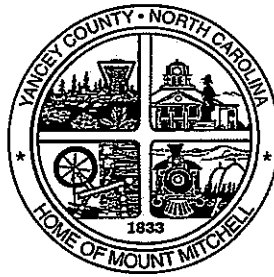
None reported.

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

For the year ended June 30, 2022

No prior year audit findings.

COUNTY MANAGER
Lynn Austin



COMMISSIONERS
David Grindstaff
Stacey McEntyre Greene
Mark Ledford
Sandi Norton
Jeff Whitson

YANCEY COUNTY

110 Town Square, Room 11 • Burnsville, North Carolina 28714
PHONE (828) 682-3971 • FAX: (828) 682-4301

CORRECTIVE ACTION PLAN For the Fiscal Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs

Finding: 2022-001

Name of contact person: Rick Tipton, DSS Director

Corrective Action: Medicaid Programs Supervisor at Yancey DSS oversees the second party review process. Second party reviews are conducted by supervisors and lead workers on Adult Medicaid and Family & Children's Medicaid cases on a quarterly basis in accordance with policy. The date of review, program type, and any issues found are documented on the DHB-7078 form, which is subsequently attached on the case in NC FAST. Quarterly training is conducted to address any identified issues and is documented. Yancey DSS will begin keeping a spreadsheet with a list of the cases on which second party reviews are conducted beginning July 1, 2022 and going forward. This will further demonstrate the agency's compliance with the second party review requirement. The spreadsheet will be completed with cases that have been reviewed July 2022 through February 2023 for FY 2022-23 by March 6, 2023. Cases will be added as reviews are completed each quarter.

Proposed Completion Date: March 6, 2023

Yancey County, North Carolina

Schedule of Expenditures of Federal and State Awards
For the year ended June 30, 2022

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through</u>
Federal Awards:					
<u>U.S. Department of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
<u>Food and Nutrition Services Cluster</u>					
State Administrative Matching Grants for					
Food and Nutrition Services Administration	10.561	FNS	\$ 211,096	\$ -	\$ -
COVID-19 - Food Nutrition Services	10.561	FNS	17,359	-	-
Total FNS Cluster			228,455	-	-
<u>Forest Service</u>					
Passed through the Office of State Budget and					
Management:					
School and Roads - Grants to States	10.665	Unavailable	89,673	-	-
Total U.S. Department of Agriculture			318,128	-	-
<u>U.S. Housing and Urban Development</u>					
Coronavirus - Community Development Block Grant	14.228	20-V-3521	71,861	-	-
<u>U.S. Department of Justice</u>					
Passed-through N.C. Dept. of Public Safety:					
Governor's Crime Commission	16.738	Byrne Justice Assistance Grant	46,476	-	-

Yancey County, North Carolina

Schedule of Expenditures of Federal and State Awards
For the year ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed Through
<u>U.S. Department of Transportation (DOT)</u>					
<u>Federal Transit Administration:</u>					
Passed-through the N.C. Dept. of Transportation:					
Rural Area Program:					
Administration	20.509	36233.113.21.1	99,763	2,924	-
Capital	20.509	36233.113.21.4	35,391	-	-
Special Cares Act Transit Funding (Note 5)	20.509	49233.68.1.2	141,097	-	-
Total Rural Area Program			276,251	2,924	-
Transit Services Program Cluster:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51001.44.7.2/ 51001.44.8.2	21,236	-	-
Total DOT			297,487	2,924	-
<u>U.S. Dept. of Treasury</u>					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
Coronavirus State and Local Fiscal Recovery Fund	21.027	Coronavirus State Fiscal Recovery Fund	3,469,634	-	-
<u>U.S. Environmental Protection Agency</u>					
Passed-through N.C/ Department of Environmental Quality					
Capitalization Grants for Clean Water State Revolving Funds	66.438	CS370504-01	329,358	226,817	-
<u>Election Assistance Commission</u>					
Passed-through the NC State Board of Elections					
HAVA Election Securities Grant - CARES	90.404		130,783	-	-

Yancey County, North Carolina

Schedule of Expenditures of Federal and State Awards
For the year ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed Through
U.S. Department of Health and Human Services (DHHS)					
Administration on Aging:					
Passed-through the High Country Council of Governments:					
Aging Cluster:					
Home and Community Care Block Grant (HCCBG):					
In Home and Support Services	93.044	21/22 AANCT3SS	93,375	-	-
Title III C1 - Congregate Nutrition	93.045	21/22 AANCT3CM	17,298	-	-
Title III C2 - Home Delivered Meals	93.045	21/22 AANCT3HD	89,535	-	-
Total Aging Cluster			200,208	-	-
Nutrition Services Incentive Program	93.053	21/22 AACNSIP	12,787	-	-
Total Administration on Aging			212,995	-	-
Administration for Children and Families:					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Foster Care and Adoption Cluster (Note 3):					
Administration:					
Title IV-E Foster Care	93.658	Foster Care, Adoption, and Guardianship Assistance	181,332	38,855	-
Title IV-E Adoption	93.659	Foster Care, Adoption, and Guardianship Assistance	2,573	-	-
Total Foster Care and Adoption Cluster (Note 3)			183,905	38,855	-
Special Children Adoption Fund Cluster					
TANF/Work First Administration	93.558	Work First	21,829	-	-
TANF/Work First Service	93.558	Work First	102,935	-	-
Family Preservation	93.556	Work First	(8,597)	-	-
Total Special Children Adoption Fund Cluster			116,167	-	-

Yancey County, North Carolina

Schedule of Expenditures of Federal and State Awards
For the year ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed Through
Child Support Enforcement	93.563	Child Support Enforcement	58,971	-	-
Low-Income Home Energy Assistance Block Grant:					
Administration	93.568	Low Income Energy Assistance	13,266	-	-
Administration - ARPA	93.568	Low Income Energy Assistance	14,919	-	-
Administration - LIHWAP	93.568	Low Income Energy Assistance	1,549	-	-
Crisis Intervention Program	93.568	Crisis Intervention Program	80,231	-	-
Low Income Energy Assistance	93.568	Low Income Energy Assistance	310,800	-	-
Low Income Energy Assistance - ARPA	93.568	Low Income Energy Assistance	128,627	-	-
Low Income Household Water Assistance	93.568	Low Income Energy Assistance	11,314	-	-
Total Low-Income Home Energy Assistance Block Grant			560,706	-	-
Permanency Planning Svc & Admin	93.645	Permanency Planning	4,468	-	-
SSBG Adult Day Care	93.667	State Adult Day Care Fund	12,404	-	-
SSBG Other Services and Training	93.667	Unavailable	94,994	-	-
LINKS	93.674	NC LINKS Program	712	178	-
Total Division of Social Services			1,031,427	39,033	-
Division of Child Development:					
Subsidized Child Care Cluster (Note 3):					
Child Care Development Fund Cluster:					
Division of Social Services:	93.596	Subsidized Child Care	39,450	-	-
Child Care Development Fund-Administration			1,070,877	39,033	-
Total Administration for Children and Families					
Division of Child Development and Early Education (DCDEE)					
Passed-through the N.C. Dept. of Health and Human Services:					
Child Development Contract Cluster (Note 3):					
Child Care Development Fund					
COVID-19 NC Early Childhood Stabilization Grant	93.575	Child Care Quality and Availability	62,520	-	-

Yancey County, North Carolina

Schedule of Expenditures of Federal and State Awards
For the year ended June 30, 2022

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through</u>
<u>Division of Health Benefits</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Medicaid Cluster:					
Administration:					
Medical Assistance Program	93.778	MEDICAL ASSISTANCE	790,284	1,486	-
State Children's Insurance Program:					
N.C. Health Choice	93.767	Health Choice	14,158	(19)	-
Total Division of Health Benefits			804,442	1,467	-
Total DHHS			2,150,834	40,500	-
<u>U. S. Department of Homeland Security</u>					
Passed-through N.C. Dept. of Crime Control and Public Safety:					
Division of Emergency Management:					
Emergency Management - EMPG Operations	97.042	EMPG-2020-202099	63,049	12,000	-
FEMA Public Assistance Grants:					
COVID-19					
TS Fred August 2021- PA	97.036	Public Assistance Grant	29,232	-	-
Total FEMA Public Assistance Grants	97.036	Public Assistance Grant	79,087	8,787	-
Enterprise Fund			108,319	8,787	-
Total U.S. Dept. of Homeland Security		7100	-	156	-
			171,368	20,943	-
Total Federal Awards			6,985,929	291,184	-

Yancey County, North Carolina

Schedule of Expenditures of Federal and State Awards
For the year ended June 30, 2022

<u>Grantor/Pass-Through Grantor/Program Title</u> <u>State Awards:</u>	<u>Federal</u> <u>AL</u> <u>Number</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Passed</u> <u>Through</u>
<u>NC Division of Parks and Recreation</u> <u>Parks and Recreation Trust Fund</u>		2019-0902	-	7,207	-
<u>N.C. Department of Commerce</u> <u>Appalachian Regional Commission</u>		NC-19097	-	220,503	-
<u>NC Department of Agriculture and Consumer Services</u> <u>Division of Soil & Water Conservation</u> <u>Stream Debris Removal</u>		19-091-4080	-	404,200	-
<u>N.C. Dept. of Health and Human Services (NCDHHS)</u> <u>Passed-through High Country Area Agency on Aging</u> <u>Division of Aging and Adult Services:</u> <u>Senior Center General Purchases</u>		21/22 AANCNSIP	-	3,564	-
<u>N.C. Department of Health and Human Services</u> <u>Division of Social Services:</u> <u>Administration:</u> <u>State Child Welfare/CPS</u> <u>Direct Benefit Payments</u> <u>State Foster Home Fund</u> <u>Extended Foster Care (Non IV-E)</u> <u>Total Direct Benefits</u> <u>Total Division of Social Services</u> <u>Total NCDHHS</u>		Unavailable Unavailable Unavailable Unavailable	- - - -	16,359 28,915 12,370 41,285 57,644 61,208	- - - - - -
<u>N.C. Department of Public Safety (NCDPS)</u> <u>NC Department of Public Safety - Sheriff's Office Grant</u> <u>Division of Juvenile Justice:</u> <u>Juvenile Crime Prevention Program</u> <u>Total NCDPS</u>		YANCEYCO 2021-2023 1240	- - -	66,226 88,705 154,931	- 88,705 88,705
<u>N.C. Department of Military and Veteran Affairs</u> <u>PMVA Community Grant</u> <u>N.C. Department of Commerce</u> <u>Rural Economic Development Division:</u>		Unavailable	-	2,109	-

Yancey County, North Carolina

Schedule of Expenditures of Federal and State Awards
For the year ended June 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed Through 200,000
Rural Economic Development Grant		2022-018-3201-2587	-	200,000	200,000
<u>N.C. Department of Transportation (NCDOT)</u>					
Rural Operating Assistance Program (ROAP):					
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	58,035	-
ROAP Rural General Public Program		DOT-16CL	-	57,100	-
ROAP Work First Transitional - Employment		DOT-16CL	-	6,613	-
Total NCDOT			-	121,748	-
<u>Office of State Budget and Management</u>					
State Capital and Infrastructure Grant		SCIF-20691, 20-692	-	86,775	-
State Directed Funds- Register of Deeds		RD-2068RD1	-	2,000	-
Total OSBM			-	88,775	-
Total State Awards			-	1,260,681	288,705
Total Federal and State Awards			\$ 6,985,929	\$ 1,551,865	\$ 288,705

Yancey County, North Carolina

Schedule of Expenditures of Federal and State Awards

For the year ended June 30, 2022

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal and State grant activity of Yancey County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFA 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 (Uniform Guidance) and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Yancey County, it is not intended to and does not present the financial position, changes in net position or cash flows of Yancey County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Yancey County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

- Child Development Contract Cluster
- Subsidized Child Care
- Foster Care and Adoption

Note 4: Loans Outstanding

Yancey County had the following loan balances outstanding at June 30, 2022 for loans the grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFA. The balance of the loans outstanding at June 30, 2022 consist of:

Program Title	Assistance Listing No.	Pass-through Grantor's Number	FY 2022 Expenditure	FY 2022 Forgiven	Amount Outstanding
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS370504-01	\$ 556,175	\$ 226,817	\$ 291,196

To: Surry County

From: Gould Killian CPA Group, P.A.

RE: Wrap-up Package for the year ended June 30, 2022

We have put together this package of information for you which includes the following:

ITEM ENCLOSED:

WITH REGARD TO THIS ITEM, YOU SHOULD:

- 1) A draft of the schedule of expenditures of federal and state awards (SEFSA)

Review the draft of the SEFSA. As explained in the document 'Preparing the Schedule of Expenditures of Federal and State Awards' provided to you during the preparation process, although we will assist you in preparing the SEFSA, you are ultimately responsible for the form and content and complying with the Uniform Guidance. Along with the draft, we have provided you with all supporting documents, confirmations, and worksheets necessary to reconcile the SEFSA to your general ledger, which you have done during your review, and you have approved the final SEFSA included in your financial statements.

- 2) A letter of representation

Read and understand the representations that you have made to us during the audit. The letter should be dated, copied to your letterhead, and signed. The letter must be returned to us as soon as possible. The financial statements cannot be released to you until this letter is obtained, and any delays in receiving it could result in additional procedures being performed.

I have read and understand the adjustments being proposed and understand my responsibility for the financial statements and other items listed above.

Signed _____

Date _____

Title _____

Number of statements needed _____

compliance report - for your records

Dan Mullinix <dmullinix@gk-cpa.com>

Wed 3/8/2023 10:13 AM

To: Brandi Burleson <Brandi.Burleson@yanceycountync.gov>

Cc: Paige Schurter <pschurter@gk-cpa.com>

📎 2 attachments (712 KB)

Yancey County - Compliance Report - 6.30.22 - ISSUED.pdf; Yancey County Wrap Up Document.pdf;

Attached is the compliance report (pdf) version for your records. It was the one uploaded to LGC on Monday.

Do you want any paper copies?

We need the wrap-up document signed and dated as 3/3/2023. See attached. Please return via email/pdf.

Thanks,

Dan Mullinix, MBA , CPA

Principal | dmullinix@gk-cpa.com



**GOULD KILLIAN
CPA GROUP, P.A.**
MEMBER FIDELITY & BLOOMBERG TAX

100 Coxe Avenue | Asheville, NC 28801 | P 828.258.0363 | F 828.252.0528 | www.gk-cpa.com

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FW: FY23 Audit Contract/Engagement Letter

Travis Kever <tkeever@gk-cpa.com>

Tue 5/16/2023 4:52 PM

To: Brandi Burleson <Brandi.Burleson@yanceycountync.gov>

 2 attachments (811 KB)

Yancey County 2023 Contract.pdf; Yancey County Eng Letter 2022.pdf;

Hey Brandi

I don't think I ever heard back from you on the contract/engagement letter I sent you a few weeks back (attached). Just wanted to make sure you had gotten it.

I'm putting the audit schedule together now. I've got you penciled in for the week of September 4th. Will this work? I'll be in touch later about a couple of days of interim work possibly in July.

Thanks!

Travis

Travis S. Kever, CPAAssurance Manager | tkeever@gk-cpa.com**GOULD KILLIAN
CPA GROUP, P.A.**

A MEMBER OF THE WILSON GROUP

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Please consider the environment before printing this e-mail.

**From:** Travis Kever**Sent:** Thursday, March 23, 2023 5:29 PM

Attached 



2/2

The of and	Governing Board Board of Commissioners
	Primary Government Unit Yancey County
	Discretely Presented Component Unit (DPCU) (if applicable) N/A

Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)

and	Auditor Name Gould Killian CPA Group, P.A.
	Auditor Address 100 Coxe Avenue, Asheville, NC 28801

Hereinafter referred to as Auditor

for	Fiscal Year Ending 06/30/23	Date Audit Will Be Submitted to LGC 10/31/23
-----	--------------------------------	---

Must be within four months of FYE

hereby agree as follows:

1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). The basic financial statements shall include budgetary comparison information in a budgetary comparison statement, rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.

2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. The Auditor shall perform the audit in accordance with *Government Auditing Standards (GAGAS)* if the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period. The auditor shall perform a Single Audit if required by Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F* (Uniform Guidance) or the State Single Audit Implementation Act. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501), it is recommended that the Auditor and Governmental Unit(s) jointly agree, in advance of the execution of this contract, which party is responsible for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512).

Effective for audits of fiscal years beginning after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee based upon federal criteria in the Uniform Guidance §200.520(a), and (b) through (e) as it applies to State awards. In addition to the federal criteria in the Uniform Guidance, audits must have been submitted timely to the LGC. If in the reporting year, or in either of the two previous years, the unit reported a Financial Performance Indicator of Concern that the audit was late, then

the report was not submitted timely for State low-risk auditee status. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.

4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Auditing Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within four months of fiscal year end. If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.

7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters.

8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.
9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. This also includes any progress billings [G.S. 159-34 and 115C-447]. All invoices for audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.
10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).
11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.
12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.
13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements and/or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.
15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.
17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.
18. Special provisions should be limited. Please list any special provisions in an attachment.
19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.
20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.
21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.

24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.

25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.

26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.

27. **Applicable to audits with fiscal year ends of June 30, 2020 and later.** For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards, 2018 Revision* (as applicable). Financial statement preparation assistance shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

28. **Applicable to audits with fiscal year ends of June 30, 2021 and later.** The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor's presentation to the government unit's governing body or audit committee shall include:

- a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;
- b) the status of the prior year audit findings;
- c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
- d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.

29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification).

31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at <https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit>

32. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.

33. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct (as applicable) and *Government Auditing Standards, 2018 Revision*. Refer to Item 27 of this contract for specific requirements. The following information must be provided by the Auditor; contracts presented to the LGC without this information will be not be approved.

Financial statements were prepared by: ☒ Auditor ☐ Governmental Unit ☐ Third Party

If applicable: Individual at Governmental Unit designated to have the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the non-attest services and accept responsibility for the results of these services:

Name:

Brandi Burleson

Title and Unit / Company:

Finance Director/Yancey County

Email Address:

Paula.Roach@rutherfordcountync.gov

OR Not Applicable ☐ (Identification of SKE Individual on the LGC-205 Contract is not applicable for GAAS-only audits or audits with FYEs prior to June 30, 2020.)

2. Fees may not be included in this contract for work performed on Annual Financial Information Reports (AFIRs), Form 990s, or other services not associated with audit fees and costs. Such fees may be included in the engagement letter but may not be included in this contract or in any invoices requiring approval of the LGC. See Items 8 and 13 for details on other allowable and excluded fees.

3. The audit fee information included in the table below for both the Primary Government Fees and the DPCU Fees (if applicable) should be reported as a specific dollar amount of audit fees for the year under this contract. If any language other than an amount is included here, the contract will be returned to the audit form for correction.

4. Prior to the submission of the completed audited financial report and applicable compliance reports subject to this contract, or to an amendment to this contract (if required) the Auditor may submit interim invoices for approval for services rendered under this contract to the Secretary of the LGC, not to exceed 75% of the billings for the unit's last annual audit that was submitted to the Secretary of the LGC. All invoices for services rendered in an audit engagement as defined in 20 NCAC .0503 shall be submitted to the Commission for approval before any payment is made. Payment before approval is a violation of law. (This paragraph not applicable to contracts and invoices associated with audits of hospitals).

PRIMARY GOVERNMENT FEES


Primary Government Unit	Yancey County
Audit Fee	\$ 66,400
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$ 4,750
Writing Financial Statements	\$ 8,500
All Other Non-Attest Services	\$

DPCU FEES (if applicable)

Discretely Presented Component Unit	N/A
Audit Fee	\$
Additional Fees Not Included in Audit Fee:	
Fee per Major Program	\$
Writing Financial Statements	\$
All Other Non-Attest Services	\$

SIGNATURE PAGE

AUDIT FIRM

Audit Firm*	
Gould Killian CPA Group, P.A.	
Authorized Firm Representative (typed or printed)*	Signature*
Daniel R. Mullinix	
Date*	Email Address*
03/23/23	dmullinix@gk-cpa.com

GOVERNMENTAL UNIT

Governmental Unit*	
Yancey County	
Date Primary Government Unit Governing Board Approved Audit Contract*	
(G.S.159-34(a) or G.S.115C-447(a))	
Mayor/Chairperson (typed or printed)*	Signature*
Date	Email Address

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

Primary Governmental Unit Finance Officer* (typed or printed)	Signature*
Date of Pre-Audit Certificate*	Email Address*

SIGNATURE PAGE – DPCU
(complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

DPCU*	
N/A	
Date DPCU Governing Board Approved Audit Contract* (Ref: G.S. 159-34(a) or G.S. 115C-447(a))	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

DPCU – PRE-AUDIT CERTIFICATE

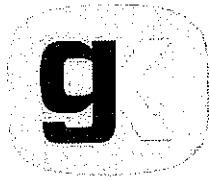
Required by G.S. 159-28(a1) or G.S. 115C-441(a1).
Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

DPCU Finance Officer (typed or printed)*	Signature*
Date of Pre-Audit Certificate*	Email Address*

Remember to print this form, and obtain all
required signatures prior to submission.

PRINT



**GOULD KILLIAN
CPA GROUP, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

Charles E. Killian
G. Edward Towson, II
Harvey W. Jenkins
Shon P. Norris
Eric W. Michael
Daniel R. Mullinix

March 23, 2023

To the Board of Commissioners
And Members of Management
Yancey County
110 County Square
Burnsville, NC 28714

Agreement to Provide Services

This agreement to provide services (the "Agreement") is intended to describe the nature and scope of our services.

Objectives and Scope of the Audit

As agreed, Gould Killian CPA Group, P.A. ("GK" or "we") will audit the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of Yancey County as of and for the year ended June 30, 2023. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Yancey County's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Yancey County's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Required schedules for Law Enforcement Officers' Special Separation Allowance

3. Required schedules for the Local Government Employees' Retirement System
4. Required schedules for Other Postemployment Benefits

We have also been engaged to report on supplementary information other than RSI that accompanies Yancey County's financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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 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. We will provide an opinion on it in relation to the financial statements as a whole, in a separate written report accompanying our auditor's report on the financial statements:

1. Combining and individual fund statements, budgetary schedules, other schedules
2. Schedule of expenditures of federal and state awards

Audit Objectives

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually-or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on —

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion on compliance with federal statutes, regulations, and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with Single Audit Act Amendments of 1996 and *Title 2 U.S. Code of Federal Regulations (CFR) part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Auditor's Responsibilities for the Audit of Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we will exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will bring these misstatements to your attention as proposed adjustments. At the conclusion of our audit we will communicate to those charged with governance (as defined below) all uncorrected misstatements. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit, if applicable. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We have identified the following significant risk of material misstatement as part of our audit planning:

1. Management's override of internal controls

Audit Procedures—Internal Control

We will obtain an understanding of the County and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and to obtain evidence sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by Uniform Guidance (if a Single Audit is required), we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and state award program, as required by the Uniform Guidance. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Yancey County's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

If a Single Audit is required, the Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal and state awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Yancey County's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to an audit. The purpose of these procedures will be to express an opinion on the Yancey County's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Management Responsibilities for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you (management) acknowledge and understand that you are responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that County programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal and state awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under *Government Audit Standards* and under Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the County from whom we determine it necessary to obtain audit evidence.

Management's responsibilities also include identifying and informing us of significant contractor relationships in which the contractor is responsible for program compliance and for the accuracy and completeness of that information.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the County involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the County received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the County complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal and state awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

If a Single Audit is required, you are responsible for identifying all federal and state awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal and state awards (including notes and noncash assistance received, and COVID-19

related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal and state awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal and state awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal and state awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal and state awards no later than the date the schedule of expenditures of federal and state awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal and state awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal and state awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal and state awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal and state awards, and related notes, and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal and state awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal and state awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the non-audit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Reproduction of Audit Report

If the County plans any reproduction or publication of a document that includes our report, or any portion of it, and that is assembled differently from any paper or electronic version that we have previously reviewed (e.g., by the addition of financial statements and/or accompanying information that you have produced), a copy of the entire document in its final form should be submitted to us in sufficient time for our review and written approval before printing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our written approval.

Posting of Audit Report and Financial Statements on Your Website

You agree that, if you plan to post an electronic version of the financial statements and audit report on your website, you will ensure that there are no differences in content between the electronic version of the financial statements and audit report on your website and the signed version of the financial statements and audit report provided to management by GK. You also agree to indemnify the GK from any and all claims that may arise from any differences between the electronic and signed versions.

Review of Documents In Connection With Offering of Sale of Debt

The audited financial statements and our report thereon should not be provided or otherwise made available to lenders, other financial institutions or sources of financing, or others (including advisors to such parties) in connection with any document to be used in the process of obtaining capital, including, without limitation, by means of the sale of securities (including securities offerings on the Internet) without first submitting copies of the document to us in sufficient time for our review and written approval. If, in our professional judgment, the circumstances require, we may withhold or condition our written approval.

Availability of Records and Personnel

You agree that all records, documentation, and information we request in connection with our audit will be made available to us (including those pertaining to related parties), that all material information will be disclosed to us, and that we will have the full cooperation of, and unrestricted access to, your personnel during the course of the engagement.

You also agree to ensure that any third-party valuation reports that you provide to us to support amounts or disclosures in the financial statements (a) indicate the purpose for which they were intended, which is consistent with your actual use of such reports; and (b) do not contain any restrictive language that would preclude us from using such reports as audit evidence.

Assistance by Your Personnel

We also ask that your personnel prepare various schedules and analyses for our staff. However, except as otherwise noted by us, no personal information other than names related to County employees and/or customers should be provided to us. In addition, we ask that you provide high-speed Internet access to our engagement team, if practicable, while working on the County's premises. This assistance will serve to facilitate the progress of our work.

Peer Review Reports

Government Auditing Standards requires that we provide you with a copy of our most recent quality control review report. Our latest peer review report accompanies this letter.

Other Services

We are always available to meet with you and members of County Council at various times throughout the year to discuss current business, operational, accounting, and auditing matters affecting the County. Whenever you feel such meetings are desirable, please let us know. We are also prepared to provide services to assist you in any of these areas. We will also be pleased, at your request, to attend governing board meetings.

We will also assist in preparing the financial statements, schedule of expenditures of federal and state awards (if applicable), and related notes of Yancey County in conformity with U.S. generally accepted accounting principles based on information provided by you. These non-audit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings (if applicable). It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal and state awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the County in the performance of our services. Any discussions that you have with personnel of GK regarding employment could pose a threat to our independence. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

We will not perform management functions or make management decisions on behalf of the County. However, we will provide advice and recommendations to assist management of the County in performing its functions and fulfilling its responsibilities.

The County agrees to perform the following functions in connection with our performance of the financial statement services:

- a. Make all management decisions and perform all management functions with respect to the financial statement services provided by us.
- b. Assign Brandi Burleson to oversee the financial statement services and evaluate the adequacy and results of the services.
- c. Accept responsibility for the results of the financial statement services.

The services are limited to those outlined above. We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. The County must make all decisions with regard to our recommendations. By signing this Agreement, you acknowledge your acceptance of these responsibilities.

Engagement Administration, Fees, and Other

We will provide copies of our reports to the members of County Council of the Yancey County; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Many banks have engaged a third party to electronically process cash or debt audit confirmation requests, and certain of those banks have mandated the use of this service. Further, such third party confirmation processors also provide for the electronic (and manual) processing of other confirmation types (e.g., legal, accounts receivable, and accounts payable). To the extent applicable, the County hereby authorizes GK to participate in such confirmation processes, including through the third party's website (e.g., by entering the County's bank account information to initiate the process and then accessing the bank's confirmation response), and agrees that GK shall have no liability in connection therewith.

The audit documentation for this engagement is the property of Gould Killian CPA Group, P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the North Carolina Local Government Commission or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Gould Killian CPA Group, P.A. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the federal or state oversight agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in June 2023 and to issue our reports no later than October 31, 2023. Daniel R. Mullinix is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our charges to the County for the services described above are expected to be \$46,900 for the financial statement audit, \$8,500 for financial statement preparation, and \$19,500 for the audit in accordance with the Uniform Guidance and State Single Audit Implementation Act (subject to an additional variable fee of \$4,750 for each major program over 1).

The fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. We anticipate the time necessary to complete your audit will approximately 600 hours in total. If significant additional time is necessary (over 625 hours), we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Our fee structure for these services is as follows:

Financial statement audit - base fee	\$ 46,900
Financial statement preparation	<u>8,500</u>
Financial statement audit total	55,400
 Compliance base fee	 <u>19,500</u>
 Base fee total	 <u>\$ 74,900</u>
 Fee for each major program over 1	 <u>\$ 4,750</u>
 Separate Fees Not Included Above:	
Data Collection Form	<u>\$ 750</u>

This fee structure does not take into consideration effects that any future standards promulgated by the Governmental Accounting Standards Board and/or other professional bodies will have on our audit procedures. As we become aware of additional audit procedures resulting from these circumstances, we will notify you of the situation and the estimated additional cost.

As a result of future services to you, we might be requested or required to provide information or documents to you or a third party in a legal, administrative, arbitration, or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request. For all requests we will observe the confidentiality requirements of our profession and will notify you promptly of the request.

Reporting

We will issue written reports upon our completion of the audit. Our reports will be address to the members of the County Council for the Yancey County, North Carolina. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs to our auditor's report, or if necessary, withdraw from this engagement. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue reports, or may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. If applicable, the Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We believe the foregoing letter accurately summarized the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please acknowledge this by signing and returning to us a copy of this Agreement and retaining a copy for your files. We will forward the signed engagement letter and LGC contract to the Local Government Commission.

Very truly yours,



Daniel R. Mullinix
Certified Public Accountant

RESPONSE:

This letter correctly sets forth the understanding of Yancey County.

Management signature: _____

Title: _____

Date: _____

Governance signature: _____

Title: _____

Date: _____