

**MONTGOMERY COUNTY, NORTH CAROLINA**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE,  
THE STATE SINGLE AUDIT IMPLEMENTATION ACT, AND  
*GOVERNMENT AUDITING STANDARDS***

**FOR THE YEAR ENDED JUNE 30, 2020**

# MONTGOMERY COUNTY, NORTH CAROLINA

FOR THE YEAR ENDED JUNE 30, 2020

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**INDEPENDENT AUDITOR’S 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***

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**To the Board of Commissioners  
Montgomery County, North Carolina**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Montgomery County, North Carolina** (the “County”) as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the County’s basic financial statements, and have issued our report thereon dated March 23, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 of this section 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, which we consider to be a material weakness.

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**Compliance and Other Matters**

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

**Montgomery County, North Carolina's Response to the Finding**

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



Columbia, South Carolina  
March 23, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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**To the Board of Commissioners  
Montgomery County, North Carolina**

**Report on Compliance for Each Major Federal Program**

We have audited **Montgomery County, North Carolina's** (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

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### ***Opinion on Each Major Federal Program***

In our opinion, the 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, 2020.

### **Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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**Report on the 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Montgomery County, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 23, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 Uniform Guidance and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina

May 26, 2021, except for our report on the schedule of expenditures of federal and state awards, for which the date is March 23, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS IN ACCORDANCE WITH  
APPLICABLE SECTIONS OF THE UNIFORM GUIDANCE AND THE  
STATE SINGLE AUDIT IMPLEMENTATION ACT**

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**To the Board of Commissioners  
Montgomery County, North Carolina**

**Report on Compliance for Each Major State Program**

We have audited **Montgomery County, North Carolina's** (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major state programs for the year ended June 30, 2020. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the County's compliance.



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### ***Opinion on Each Major State Program***

In our opinion, the 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, 2020.

### **Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Montgomery County, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 26, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Mauldin & Jenkins, LLC*

Columbia, South Carolina

May 26, 2021, except for our report on the schedule of expenditures of federal and state awards, for which the date is March 23, 2021

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- through Grantor Number	Expenditures		Payments To Subrecipients All
			Federal	State	
<b>FEDERAL AWARDS</b>					
<b>U.S. Department of Agriculture:</b>					
Direct program:					
Secure Rural Schools - National Timber Receipts	10.665	n/a	\$ 55,824	\$ -	\$ 55,824
Passed through North Carolina Department of Health and Human Services:					
Special Supplemental Nutrition Program for Women, Infants, & Children (WIC)	10.557	540[X]; 570[X]	178,286	-	-
Supplemental Nutrition Assistance Program:					
SNAP Administration	10.561	404, 417	274,547	-	-
SNAP Fraud Administration	10.561	405	31,295	-	-
Food Stamps Program Integrity	10.561	455	10,263	-	-
Supplemental Nutrition Assistance Program Cluster:			<u>316,105</u>	<u>-</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>			<u>550,215</u>	<u>-</u>	<u>55,824</u>
<b>U.S. Department of Homeland Security</b>					
Passed through North Carolina Department of Public Safety					
Emergency Management Program	97.042		38,904	-	-
<b>Total U.S. Department of Homeland Security</b>			<u>38,904</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Justice:</b>					
Direct programs:					
LLEBG Equipment Grant (2019)	16.592	2019-LB-BX-0xxx	22,285	-	-
State Criminal Alien Assistance Program	16.606	2012-AP-BX-0824	19,414	-	-
Bulletproof Vest Program	16.607	n/a	2,590	-	-
<b>Total U.S. Department of Justice</b>			<u>44,289</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>					
Passed through Piedmont Triad Regional Council					
Aging Cluster:					
Special Programs for the Aging - In Home Services	93.044	n/a	32,655	54,645	-
III-B Grants for Supportive Services	93.044	n/a	7,854	15,851	23,705
Special Programs for the Aging - Transportation	93.044	n/a	8,484	5,094	-
Congregate Nutrition	93.045	n/a	14,152	830	-
Home Delivered Nutrition	93.045	n/a	91,533	36,209	-
Family Caregiver Support Program	93.052	n/a	11,955	707	-
NSIP Supplement	93.053	n/a	21,678	-	-
<b>Total Aging Cluster</b>			<u>188,311</u>	<u>113,336</u>	<u>23,705</u>
Passed through NC Department of Health and Human Services					
Temporary Assistance for Needy Families:					
Temporary Assistance for Needy Families (TANF)	93.558	n/a	127,511	-	-
TANF - Public Health Services	93.558	5151	5,452	-	-
TANF - Work First Services	93.558	047, 049	95,691	-	-
TANF - Work First Administration	93.558	046, 048	27,047	-	-
<b>Total Temporary Assistance for Needy Families Cluster</b>			<u>255,701</u>	<u>-</u>	<u>-</u>
Foster Care and Adoption Assistance Cluster:					
IV-E Foster Care Training	93.658	96, 97	99,418	-	-
IV-E Child Care Protective Services	93.658	072, 074	22,168	14,585	-
IV-E Admin County Paid	93.658	n/a	17,477	8,739	-
IV-E Family Foster Max	93.658	n/a	269	-	-
IV-E Foster Care	93.658	n/a	91,302	19,179	-
IV-E Foster Care Caseworker	93.658	n/a	11,699	-	-
IV-E Adoption Subsidy	93.659	n/a	105,402	23,813	-
IV-E Adoption Training	93.659	n/a	81	-	-
Child Welfare Services Adoption Subsidy			-	25,748	-
State Child Welfare/CPS/Caseload			-	84,902	-
State County/Special Assistance Domiciliary Care Payments			-	217,417	-
State Foster Home and Families Maximization			-	6,448	-
<b>Total Foster Care and Adoption Assistance Cluster</b>			<u>347,816</u>	<u>400,831</u>	<u>-</u>
Medicaid Cluster:					
Adult Care Home Case Management	93.778	211, 213, 396	4,974	2,487	-
Medical Assistance Services (MAC)	93.778	477	1,322	-	-
Medical Assistance Administration	93.778	412, 422, 441	577,243	-	-
Medical Transportation Services	93.778	375	27,062	-	-
Medicaid Program Integrity	93.778	n/a	3,307	-	-
State-County Special Assistance	93.778	128, 131, 151	26,892	-	-
<b>Total Medicaid Cluster</b>			<u>640,800</u>	<u>2,487</u>	<u>-</u>

*Continued*

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- through Grantor Number	Expenditures		Payments To Subrecipients All
			Federal	State	
<b>FEDERAL AWARDS (Continued)</b>					
Passed through NC Department of Health and Human Services					
Public Health Emergency Preparedness	93.074	2680; 2784	\$ 29,211	\$ -	\$ -
Public Health Emergency Preparedness (COVID-19)	93.074	2680; 2784	18,605	-	-
Project Grants and Agreements for Tuberculosis Control Programs	93.116	272 [A/B/C/D/E]	33,337	-	-
Immunization Program/Aid to County Funding	93.268	623C; 625C; 627E, 631E	9,504	-	-
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	462 [A/B/C/D/E]	100	-	-
Statewide Health Promotion Program	93.991	5503	30,921	-	-
Maternal and Child Health Services Block Grant	93.994	5107; 5318; 5735, -40, -45	113,415	31,994	-
Child Care and Development Fund - Administration	93.596	364	67,030	-	-
Social Services Block Grant:					
Social Services Block Grant	93.667	10, 394, 395, 607, 608	135,478	-	-
Social Services Block Grant - Adult Protective Services	93.667	n/a	6,727	-	-
Passed through Piedmont Triad Regional Council					
Social Services Block Grant:					
Social Services Block Grant - In Home Services	93.667	022, 030	1,618	10,620	12,238
Total Social Services Block Grant			<u>143,823</u>	<u>10,620</u>	<u>12,238</u>
Passed through NC Department of Health and Human Services					
Family Preservation					
93.556			12,449	-	-
Low Income Home Energy Assistance Program:					
Crisis Intervention Payments	93.568	372	116,937	-	-
Low Income Energy Administration	93.568	n/a	28,562	-	-
Low Income Energy Assistance Program	93.568	372	129,152	-	-
Total Low Income Home Energy Assistance Grant			<u>274,651</u>	<u>-</u>	<u>-</u>
Permanency Planning - Service & Admin	93.645	368, 464, 465	1,042	-	-
Office of Population Affairs:					
Family Planning Services					
93.217		592 [A/B/C/D/E]	38,032	-	-
Total Independent Living Grant			<u>38,032</u>	<u>-</u>	<u>-</u>
Child Support Enforcement Program:					
IV-D Administration	93.563	423, 449	315,719	-	-
IV-D Offset Fees - Esc	93.563	n/a	1	-	-
IV-D Offset Fees - Federal	93.563	n/a	2,876	(186)	-
Total Child Support Enforcement Grant			<u>318,596</u>	<u>(186)</u>	<u>-</u>
Children's Health Insurance Program (CHIP):					
Children's Health Insurance Program	93.767	440, 441, 483, 10126	25,047	172	-
Total Child Health Insurance Program			<u>25,047</u>	<u>172</u>	<u>-</u>
AFDC Payments and Penalties	93.560	267	-	593	-
<b>Total U.S. Department of Health and Human Services</b>			<u>2,548,391</u>	<u>559,847</u>	<u>35,943</u>
<b>U.S. Department of Treasury</b>					
Passed through North Carolina Office of State Budget and Management					
COVID-19 Coronavirus Relief Funds	21.019		30,757	-	-
<b>Total U.S. Department of Treasury</b>			<u>30,757</u>	<u>-</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>3,212,556</u>	<u>559,847</u>	<u>91,767</u>
<b>STATE AWARDS</b>					
<b>North Carolina Department of Health and Human Services:</b>					
<u>Division of Public Health:</u>					
Food and Lodging Fees		1153-4752-SZ62	-	5,892	-
General Aid to Counties		1161-4110-0062	-	74,337	-
Public Health Nurse Training		1161-4301-0062	-	225	-
Communicable Disease Control		1175-4510-0062	-	11,139	-
Child Health		1271-5745-0062	-	6,263	-
Maternal Care		13A1-5107-0062	-	13,267	-
Family Planning (HMHC)		13A1-5735-0062	-	2,328	-
Maternal Health (HMHC)		13A1-5740-0062	-	43,088	-
Women's Health Service Fund		13A1-6015-FR62	-	6,251	-
Healthy Community Activities		13A1-5503-FR62	-	3,785	-
HIV/STD State		1311-4536-BN62	-	500	-
Sexually Transmitted Diseases-Drugs		1311-4601-BN62	-	309	-
School Nurse Funding Initiative		1332-5358-0062	-	100,000	-
Tuberculosis (TB)		1460-4551-0062	-	5,295	-
TB Medical Service		1460-4554-0062	-	1,034	-
Community Health - Primary Care Access Program		n/a	-	12,000	-
Total Division of Public Health			<u>-</u>	<u>285,713</u>	<u>-</u>

*Continued*

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- through Grantor Number	Expenditures		Payments To Subrecipients All
			Federal	State	
<b>STATE AWARDS (CONTINUED)</b>					
<b>North Carolina Department of Health and Human Services (Continued):</b>					
<u>Division of Social Services</u>					
Energy Assistance Private Grants			\$ -	\$ 3,219	\$ -
Total Division of Public Health			-	3,219	-
<b>Total North Carolina Department of Health and Human Services</b>			-	288,932	-
<b>North Carolina Department of Environmental Quality</b>					
Infrastructure Grant - Booster Pump Stations Rehab		H-SRP-D-17-0084	-	50,367	-
Infrastructure Grant - Fairway Shores		H-SRP-D-17-0083	-	255,048	-
Infrastructure Grant - Consolidation Study w/ Candor		E-MRF-W-18-0016	-	45,887	-
Funds for Soil and Water Conservation District			-	21,355	-
Scrap Tire Disposal			-	37,561	-
Solid Waste Disposal Tax Share			-	18,927	-
<b>Total North Carolina Department of Environmental Quality</b>			-	429,145	-
<b>North Carolina Department of Administration</b>					
Veteran Services			-	2,182	-
<b>Total North Carolina Department of Administration</b>			-	2,182	-
<b>North Carolina Department of Public Safety</b>					
Juvenile Crime Prevention Council			-	110,664	110,664
<b>Total North Carolina Department of Public Safety</b>			-	110,664	110,664
<b>North Carolina Department of Transportation</b>					
Rural General Public Transportation			-	73,300	73,300
Elderly and Handicapped Transportation			-	67,496	67,496
Work First Transportation			-	9,452	9,452
Total Rural Operating Assistance Program (ROAP)			-	150,248	150,248
State Aid to Airports		36244.64.6.1	-	35,971	-
State Aid to Airports		36237.2.12.1	-	167,540	-
State Aid to Airports		36237.2.12.2	-	147,880	-
Transportation Improvement Program			-	5,200	-
<b>Total North Carolina Department of Transportation</b>			-	506,839	150,248
<b>North Carolina 911 Board</b>					
State E911 Charges Distributed			-	200,338	-
<b>Total North Carolina 911 Board</b>			-	200,338	-
<b>North Carolina Office of State Controller</b>					
Controlled Substances Tax			-	7,818	-
<b>Total North Carolina Office of State Controller</b>			-	7,818	-
<b>North Carolina Department of Insurance</b>					
Rescue Grant			-	23,801	-
<b>Total North Carolina Department of Insurance</b>			-	23,801	-
<b>North Carolina Department of Commerce</b>					
NC One Grant - Carolina Structural			-	100,000	100,000
<b>Total North Carolina Department of Commerce</b>			-	100,000	100,000
<b>North Carolina Public Instruction</b>					
Public School Building Capital Fund - Lottery Funds			-	250,000	-
<b>Total North Carolina Department of Public Instruction</b>			-	250,000	-
<b>TOTAL STATE AWARDS</b>			-	1,919,719	360,912
<b>TOTAL FEDERAL AND STATE AWARDS</b>			\$ 3,212,556	\$ 2,479,566	\$ 452,679

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

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Montgomery County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Montgomery County, it is not intended to and does not present the financial position, changes in net position or cash flows of Montgomery County.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Indirect Costs**

Montgomery County has elected not to use the 10 percent de Minimis cost rate as allowed under the Uniform Guidance.

# MONTGOMERY COUNTY, NORTH CAROLINA

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2020

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### **NOTE 1. BASIS OF PRESENTATION AND ACCOUNTING**

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related Fund liability is incurred.

Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report, including any funds expended for the State funded portion of those same programs.

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Implementation Act*, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The County elected not to utilize the 10% de Minimis indirect cost rate.

MONTGOMERY COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I  
SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

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

Internal control over financial reporting:  
Material weaknesses identified?  yes  no

Significant deficiencies identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:  
Material weaknesses identified:  yes  no

Significant deficiencies identified:  yes  none reported

Type of auditor's report issued on compliance of major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.778	Medicaid Cluster
10.561	Supplemental Nutrition Assistance Program Cluster
93.658, 93.659	Foster Care and Adoption Assistance Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**MONTGOMERY COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION I  
SUMMARY OF AUDITOR'S RESULTS (Continued)**

**State Awards**

Internal control over major state programs:

Material weaknesses identified: \_\_\_\_\_ yes X no

Significant deficiencies identified: \_\_\_\_\_ yes X none reported

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

Any audit findings disclosed that are require to be reported  
In accordance with the State Single Audit Implementation Act? \_\_\_\_\_ yes X no

Identification of major state program:

Program Name \_\_\_\_\_

Public School Building Capital Fund

State Aid to Airports



# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2020

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

#### 2020-001 Restatement of Prior Year Balances

**Criteria:** Internal controls should be in place to ensure that financial statements properly present the financial position and results of operations of the County in accordance with generally accepted accounting principles (GAAP).

**Condition:** Internal controls were not sufficient to timely detect material misstatements in the County's financial statements for the year ended June 30, 2019.

**Context/Cause:** During our audit for the year ended June 30, 2020, a material misstatement in the General Fund was identified that caused the need to restate opening fund balance of the County's General Fund and net position of governmental activities. In prior years, the County had been carrying reimbursements received from Medicaid as a liability until a specific amount was budgeted to be used by the County. At that time, the budgeted amount would be reported as revenue for the applicable budget period. The accounting for these transactions does not follow GAAP as these amounts should have been reported as revenues when received by the County.

**Effects:** As a result of the issue identified above, an audit adjustment to beginning fund balance of the General Fund and net position of governmental activities totaling approximately \$625,000 was necessary to properly report the prior year impacts of these transactions in accordance with GAAP.

**Recommendation:** We recommend the County carefully review the financial statements and the applicable reporting requirements under GAAP to ensure that all information and financial data is properly reported.

**Auditee's Response:** We agree with the finding although several previous auditors did not indicate a violation of GAAP was occurring. We have taken steps to more carefully align applicable reporting requirements with presentation in the financial statements in accordance with GAAP.

**MONTGOMERY COUNTY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION III  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported

**SECTION IV  
STATE AWARD FINDINGS AND QUESTIONED COSTS**

None reported

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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**2019-001 Day Sheet Testing**  
**US Department of Health & Human Services**  
**Passed through the North Carolina Department of Health and Human Services**  
**Medical Assistance Program and Supplemental Nutrition Assistance Program Cluster**  
**CFDA#s 93.778 and 10.561, respectively**

**Criteria:** The County should have proper controls and processes in place to ensure that day sheets account for 100% of employee time as required in the DSS Services Information System User's Manual and that program codes and activity codes are summarized correctly, day sheet entries are supported by documentation in case record files and day sheet summaries are transferred to the DSS-1571 accurately to an eligible fund source.

**Condition:** Of the 25 day sheets selected, one selection had no timestamp found in NC FAST evidencing work done on the day selected for testing or by the employee selected for testing. One selection was coded to the incorrect program. For two selections, we noted that time was being recorded to general administration instead of the applicable program.

**Status:** Resolved.

**2019-002 Eligibility**  
**US Department of Health & Human Services**  
**Passed through the North Carolina Department of Health and Human Services**  
**Medical Assistance Program**  
**CFDA# 93.778**

**Criteria:** In accordance with the requirements and policies established for this program, residency, resources, and income should be properly verified and calculated in order to determine whether an applicant is or is not eligible to participate in the applicable Medicaid program.

**Condition:** Eighteen applicants were found to have technical errors that were due to either system or human error; no questioned costs were noted as none of the technical errors affected eligibility.

**Status:** Resolved.

# MONTGOMERY COUNTY, NORTH CAROLINA

## SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

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**2019-003**     **Reporting**  
US Department of Health & Human Services  
Passed through the North Carolina Department of Health and Human Services  
Medical Assistance Program and Supplemental Nutrition Assistance Program Cluster  
CFDA#s 93.778 and 10.561, respectively

**Criteria:** Proper and effective controls should be in place and operating in order to ensure that appropriate checks and balances occur in relation to charging costs to a program for travel expenditures to ensure that travel expenditures are claimed within allowable limits and are properly documented.

**Condition:** Five travel expenditures did not have evidence of management approval; no questioned costs were noted, however, as the expenditures were in accordance with the county-wide travel plan and coded correctly as to program code.

**Status:** Resolved.

**2019-004**     **Eligibility**  
US Department of Health & Human Services  
Passed through the North Carolina Department of Health and Human Services  
Special Supplemental Nutrition Program for Woman, Infants and Children  
CFDA#s 10.557

**Criteria:** In accordance with the requirements and policies established for this program, residency, income and identification should be properly verified in order to determine whether an applicant is or is not eligible to participate in the program.

**Condition:** One applicant was found to not have a signed affidavit to support a zero income declaration in order to be eligible for the program.

**Status:** Resolved.

# COUNTY OF MONTGOMERY

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## BOARD OF COMMISSIONERS

Mike Criscoe	Chairman, At Large
Dana Dawson	Vice Chairman, D1
Mary Hassell	Commissioner, D2
Dottie Robinson	Commissioner, At Large
Kay Robinson	Commissioner, D3

## OFFICERS

Frankie Maness	County Manager
Misty Coffin	Clerk to the Board
Chris Watkins	Sheriff
Melissa Pipkin	Register of Deeds
Russell J. Hollers III	County Attorney
C.D. Crepps	Finance Director

## Corrective Action Plan

Via this "Corrective Action Plan", management of the County of Montgomery, North Carolina offer readers of this report for the fiscal year ended June 30, 2020 a response to the findings identified by the auditors and shown in pages previous to this page. To gain understanding, please read the following statements in conjunction with the other information furnished in the aforementioned pages.

## SECTION II- FINANCIAL STATEMENT FINDINGS AND RESPONSES

### **Finding:**

**2020-001**

### *Name of Contact Person:*

C.D. Crepps, County Finance Director, Department of Administration--Finance Office

### *Corrective Action:*

All staff involved in the receipting of these special Medicaid-type monies will record revenues upon receipt of future payments to the County. All other receipts being charged to non-revenues are also being questioned to confirm compliance with GAAP and other authoritative guidelines.

### *Proposed Date of Completion:*

FY21

## SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No Findings.

## SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No Findings.