Special Meeting
Monday November 18, 2024
5:00pm
Chowan County Public Safety Center
305 West Freemason St.
Edenton, NC

Present: Chairman Bob Kirby, Commissioners, Ellis Lawrence, Ron Cummings, Chris Evans and Alex Kehayes.

Commissioners Larry McLaughlin and Tray Taylor were absent.

Staff present County Manager Kevin Howard, Finance Officer Cathy Smith, County Attorney Lauren Arizaga-Womble (by phone) and Board Clerk Susanne Stallings .

Closed Session

Commissioner Evans moved to go into closed session in accordance with NCGS 143-318-11 (a) (3) attorney client. Chair Kirby asked for all in favor, the motion passed unanimously (5-0).

The minutes of the closed session are sealed.

Commissioner Kehayes moved to come out of closed session. Chair Kirby asked for all in favor, the motion passed unanimously (5-0).

Adjourn

Commissioner Evans moved to adjourn. Chair Kirby asked for all in favor, the motion passed unanimously (5-0).

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Bob Kirby, Chairman

____
Susanne Stallings
Clerk

Chowan County Board of Commissioners
Regular Meeting
Monday, November 18, 2024
Chowan County Public Safety Center
305 West Freemason Street
6:00pm

This meeting was recorded. A copy of the recording is in the meeting file labeled November 18, 2024.

Present: Chairman Bob Kirby, Commissioners, Ellis Lawrence, Chris Evans, Tray Taylor, Ron Cummings, and Alex Kehayes.

Absent: Commissioner Larry McLaughlin.

Staff present County Manager Kevin Howard and Board Clerk Susanne Stallings and Finance Officer Cathy Smith.

Regular Meeting

Chair Kirby called the regular meeting to order and led in the pledge.

Commissioner Cummings then offered the invocation.

Approval of Agenda

Board Clerk Susanne Stallings noted the request for the addition of item 8a to the agenda. A change order for the Courthouse renovation project.

Commissioner Kehayes moved to approve the agenda as amended.

Chair Kirby asked for all in favor, the motion passed unanimously (6-0).

Public Comment

Chair Kirby opened the floor for public comment.

There was none.

Consent Agenda

All items on the Consent Agenda are considered to be routine and may be enacted by one motion. If a County Commissioner requests discussion on an item, the item will be removed from the Consent Agenda and considered separately.

a. Minutes
   The Board will review and consider approval of the October 30, 2024 Joint Planning Board meeting and the November 4, 2023 Regular and Special Meetings

Commissioner Cummings moved to approve the consent agenda as presented. Chair Kirby asked for all in favor, the motion passed unanimously (6-0).

<u>FY 2023-24 Audit Report</u>

Austin Eubanks, the County's Auditor with Thompson, Price, Scott, Adams and Co. formally presented the FY 2023-24 Independent Audit with financial statements and answer questions from the Board.

CHOWAN COUNTY
AUDIT PRESENTATION
FOR THE YEAR ENDED JUNE 30, 2024

Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 103
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 239-8294

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CHOWAN COUNTY
REQUIRED COMMUNICATIONS

Area	Comments
Responsibilities Under Generally Accepted Auditing Standards, <u>Government Auditing Standards</u>, OMB Uniform Guidance, and the State Single Audit Implementation Act.	
Design the audit to provide reasonable assurance that the financial statements are free of material error and in compliance with government regulations.	• Accomplished. No material error noted.
Perform all planned procedures and have complete access to both management and required information.	• Completed. Our work was not limited in any way.
Communicate significant deficiencies in the internal control.	• To be discussed at end of presentation.

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CHOWAN COUNTY
REQUIRED COMMUNICATIONS *(CONTINUED)*

Area	Comments
Adoption or Change in Accounting Policies Communicate the initial adoption of or a change in an accounting principle which had or is expected to have a significant effect on the financial statements.	• None.
Management Judgment and Accounting Estimates Assess methodologies used and basis of evidence for matters requiring judgments and estimates.	• Methods used and evidence considered appear to have led to reasonable amounts being included in the financial statements.
Financial statement disclosures	• The financial statement disclosures are neutral, consistent, and clear.
Significant Audit Adjustments or Unrecorded Differences Communicate significant recorded and unrecorded differences.	• None.

CHOWAN COUNTY
REQUIRED COMMUNICATIONS *(CONTINUED)*

Area	Comments
Disagreements with Management Communicate any disagreements on financial or reporting matters that, if not satisfactorily resolved, would cause a modification of our report.	• None.
Management Representations	• Management provided a management representation letter.
Consultation with Other Accountants Communicate consultation that took place with other accountants.	• None to our knowledge.
Prior to Retention Issues Communicate any major issues that management discussed with the auditor in connection with the retention of the auditor, including the application of accounting principles and auditing standards.	• None.

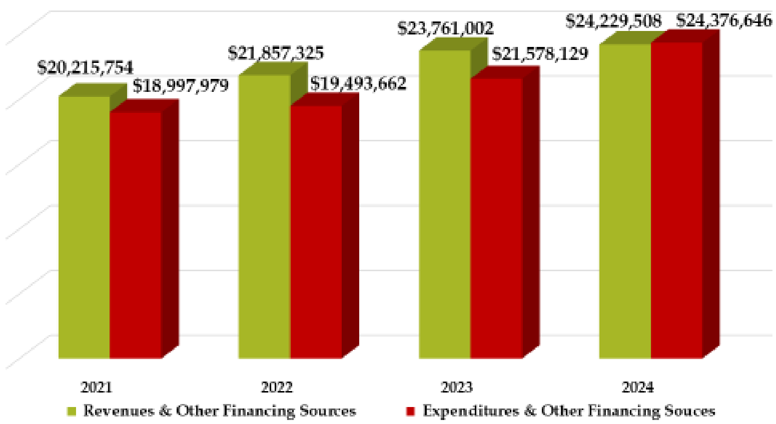
CHOWAN COUNTY
REQUIRED COMMUNICATIONS *(CONTINUED)*

Area	Comments
Difficulties Encountered Performing the Audit	
Any serious difficulties the auditor encountered in dealing with management such as unreasonable delays in providing needed information, unreasonable timetable set by management, or unavailability of client personnel.	• None noted.
Irregularities and Illegal Acts	
Communicate the existence of any material irregularities and/or illegal acts determined during the audit.	• None noted.

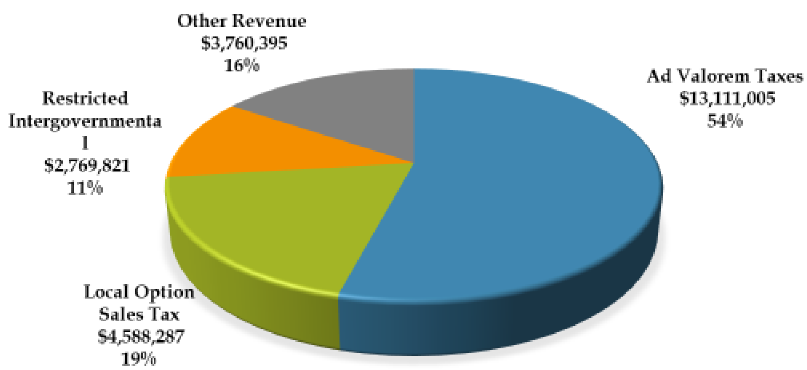
CHOWAN COUNTY
GENERAL FUND

Dear Board Members:		
Below is a summarization of some of the key items in the audit report.		**2024**
Total Revenues and Other Financing Sources	$	24,229,508
Total Expenditures and Other Financing Uses	$	24,376,646
Net Change	**$**	(147,138)
Minimum Undesignated Fund Balance as Recommended by the Local Government Commission (20% of Expenditures)	$	4,875,329
Unassigned Fund Balance	$	10,132,265
Fund Balance Available as a Percentage of General Fund Expenditures		60.86%
Tax Collection Rate		98.48%

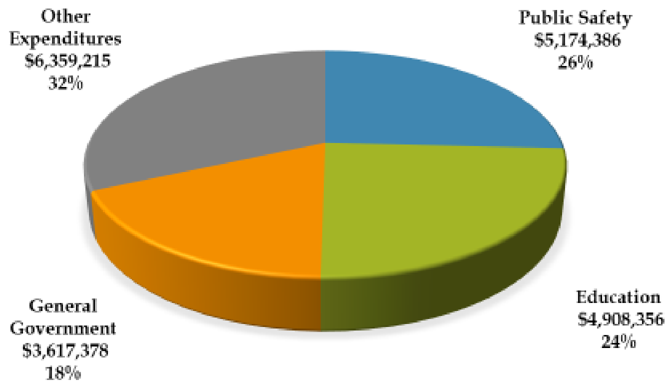
GENERAL FUND
OPERATING SUMMARY



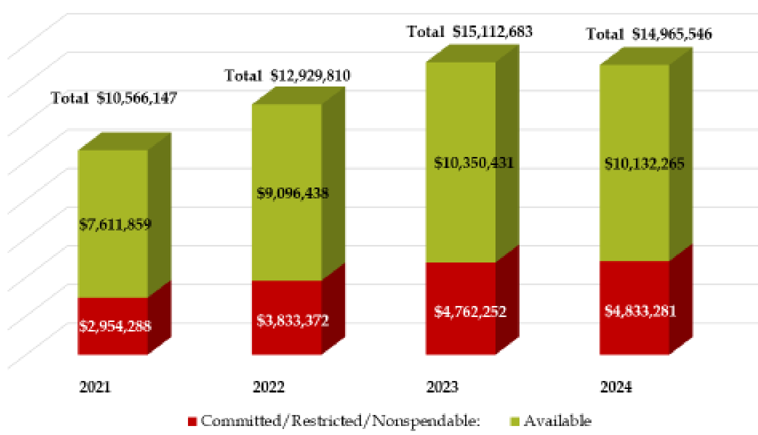
TOP 3 REVENUES:
GENERAL FUND - OPERATING



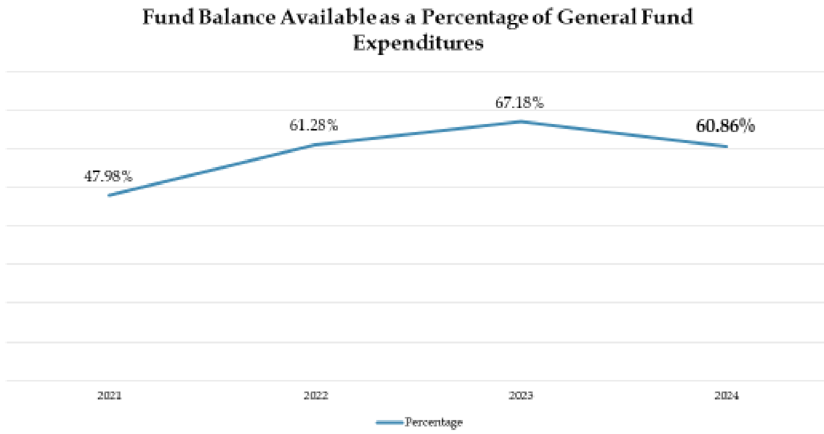
TOP 3 EXPENDITURES:
GENERAL FUND - OPERATING



GENERAL FUND
ANALYSIS OF FUND BALANCE



CHOWAN COUNTY



CHOWAN COUNTY
DEBT SERVICE FUND

Dear Board Members:		
Below is a summarization of some of the key items in the audit report.		2024
Total Revenues and Other Financing Sources (Uses)	$	2,170,741
Total Expenditures and Other Financing Sources (Uses)	$	1,588,477
Net Change	**$**	**582,264**
Net Position, Beginning	$	1,134,867
Net Position, Ending	$	1,717,131

CHOWAN COUNTY
AMERICAN RESCUE PLAN ACT FUND

Dear Board Members:		
Below is a summarization of some of the key items in the audit report.		2024
Total Revenues and Other Financing Sources (Uses)	$	1,167,222
Total Expenditures and Other Financing Sources (Uses)	$	1,104,714
Net Change	**$**	**62,508**
Net Position, Beginning	$	22,122
Net Position, Ending	$	84,630

CHOWAN COUNTY
JAHHS RENOVATION PROJECT

Dear Board Members:		
Below is a summarization of some of the key items in the audit report.		2024
Total Revenues and Other Financing Sources (Uses)	$	42,927,992
Total Expenditures and Other Financing Sources (Uses)	$	7,216,534
Net Change	**$**	**35,711,458**
Net Position, Beginning	$	-
Net Position, Ending	$	35,711,458

CHOWAN COUNTY
NON-MAJOR GOVERNMENTAL FUNDS

Dear Board Members:		
Below is a summarization of some of the key items in the audit report.		**2024**
Total Revenues and Other Financing Sources (Uses)	$	3,648,453
Total Expenditures and Other Financing Sources (Uses)	$	3,853,584
Net Change	**$**	**(205,131)**
Net Position, Beginning	$	1,295,202
Net Position, restatement	$	94,936
Net Position, beginning, as restated	$	1,390,138
Net Position, Ending	$	1,185,007

CHOWAN COUNTY
WATER FUND

Dear Board Members:		
Below is a summarization of some of the key items in the audit report.		**2024**
Operating and Nonoperating Revenues	$	2,303,864
Operating and Nonoperating Expenses	$	1,931,430
Capital contributions	$	47,803
Transfers in (out)	$	710,295
Net Change	**$**	1,130,532
Net Position, Beginning	$	6,031,775
Net Position, Ending	$	**7,162,307**

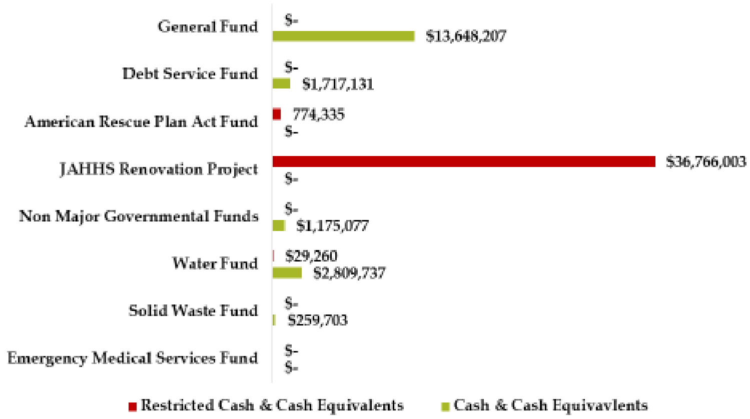
CHOWAN COUNTY
SOLID WASTE FUND

Dear Board Members:		
Below is a summarization of some of the key items in the audit report.		2024
Operating and Nonoperating Revenues	$	1,486,169
Operating and Nonoperating Expenses	$	1,395,246
Transfers in (out)	$	(25,000)
Net Change	**$**	**65,923**
Net Position, Beginning	$	137,357
Net Position, Ending	$	203,280

CHOWAN COUNTY
EMERGENCY MEDICAL SERVICES FUND

Dear Board Members:		
Below is a summarization of some of the key items in the audit report.		2024
Operating and Nonoperating Revenues	$	932,625
Operating and Nonoperating Expenses	$	2,086,598
Transfers in	$	1,146,467
Net Change	**$**	**(7,506)**
Net Position, Beginning	$	(1,007,181)
Net Position, Ending	$	(1,014,687)

Chowan County
Analysis of Cash



Chowan County
Federal Award Finding

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
Assistance Listing Number: 93.778
Finding: 2024 – 001
Significant Deficiency/Noncompliance
Eligibility

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

Condition: There were seven (7) technical errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable. The errors were as follows: Three (3) cases lacked substantiating documentation and/or inaccurate resource calculations, three (3) cases were improperly forced, and one (1) case lacked proper verification of facts..

Questioned Costs: There was no affect to eligibility and there were no questioned costs.

Chowan County

Federal Award Finding

Context: We examined 60 Medicaid transactions out of 170,787 to re-determine eligibility Medicaid claims from the Medicaid beneficiary report provided by the NC Department of Health and Human Services. These findings were disclosed in a separately issued spreadsheet to the North Carolina Department of Health and Human Services and are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which affect countable resource and a participant could have been approved for benefits that they were not eligible.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2023-001.

Cause: Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST.

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

Chowan County

Federal Award Finding

US Department of Health and Human Services
Passed through the NC Dept. of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
Assistance Listing Number: 93.778
Finding: 2024 – 002
Significant Deficiency/Noncompliance
Eligibility

Criteria: In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.

Condition: There was one error discovered during our procedures that lacked appropriate ex parte review. One applicant/beneficiary received assistance for which the recipient was not eligible.

Questioned Costs: The amount of claim paid on behalf of the above ineligibility error resulted in a questioned costs of $282.

Context: We examined 60 out of 170,787 Medicaid applicants to re-determine eligibility. These findings were disclosed in a separately issued spreadsheet to the North Carolina Department of Health and Human Services and are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Chowan County

Federal Award Finding

Context: We examined 60 out of 170,787 Medicaid applicants to re-determine eligibility. These findings were disclosed in a separately issued spreadsheet to the North Carolina Department of Health and Human Services and are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which affect countable resource and a participant could have been approved for benefits that they were not eligible.

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

Cause: Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST.

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

ADDITIONAL REQUIRED COMMUNICATIONS

- Changes to the Audit Process
- The Local Government Commission (LGC) will no longer initiate communications about concerns or findings (formerly considered unit letters). They have created a spreadsheet that has to be completed and submitted with the audit report. If that worksheet identifies what they consider a "Financial Performance Indicators of Concern" (FPICs), we are required to communicate those items to the Board.
- You are required to submit a response within 60 days of the Board meeting in which the financial statements are presented. The detailed audit response should be presented to the entire Board, and signed by the entire Board, Finance Officer, and Manager.
- The following FPIC's were identified on the LGC's transmittal document that we are required to notify you about:

ADDITIONAL REQUIRED COMMUNICATIONS

PERFORMANCE INDICATORS

The self-reported information from your unit's audit report was used to generate the following trends and performance indicators. We have created this Performance Indicator tab to make these indicators available to auditors and local governments when your audit is conducted. If any unit's results are shaded red, the unit must submit a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters" within 60 days from the auditor's board presentation. The response must address all performance indicators shaded in red.

Unit Name:	Chowan County	Fiscal Year 2024	Explanation of Performance Indicator
Unit Number:	5120		

In the past, units of government have been grouped by population to evaluate ratios and benchmarking (including Fund Balance Available). Beginning with fiscal year 2020, we have grouped units by General Fund expenditures for purposes of evaluating the minimum amount of fund balance a unit needs to operate. A unit's General Fund expenditures proved to be a better correlation to the amount of funds balance needed to operate, especially for units with large higher education or tourism populations. Activity from Debt Service Funds (if applicable) is included in the calculation because these funds typically originate from the General Fund and are transferred to a Debt Service Fund.
The table below lists the thresholds that are used in the analysis of your unit's fiscal health. These thresholds were determined based on an analysis of previous years general fund activity. These thresholds will be monitored and updated as applicable.

WATER SEWER FUND: As of the publication date of this workbook, prior year self-reported numbers may not been received by the LGC staff, please contact LGC staff at lgcaudit@nctreasurer.com to have the prior year's financial data populated on this worksheet. Please include in email subject "Prior Year Financial Data." WATER SEWER FUND:				Minimum Threshold	Unit Results	Note: If more than one performance indicator is identified, one proposed solution may solve all water and sewer performance indicators.
Water and Sewer Capital Assets Condition Ratio	0.22	0.19	0.17	Remaining useful life of asset greater than or equal to 0.50	0.17	This capital assets condition ratio formula calculates the remaining useful life. A remaining useful asset value less than 0.50 may signal the need to replace the assets in the near future.

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Thank You for the Opportunity to Work With You!

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A full copy of the PowerPoint presentation as well as the audited financial statements are in the meeting file labeled November 18, 2024.

Commissioner Lawrence asked about the deficiencies reported in the audit.

Mr. Eubanks stated that most counties have these types of findings. He stated that the turn over is a concern however there is little cost associated with these issues.

Chair Kirby asked if a 60% fund balance is excessive.

Mr. Eubanks stated that Counties have to have funds available for hurricane response. He stated it is good to have these funds available for emergency situations.

Ms. Smith noted that even though the audit does not consider this, some of these funds have been committed in the budget such as COA capital outlay.

Chair Kirby stated he felt this information is important to relay to the public in the news coverage of the meetings. He stated that some residents have been critical of the County's reserves. He stated that one big hurricane would wipe out these funds and it has shown in other areas it is often several days before FEMA responds with funding.

Chair Kirby thanked staff for the good work and an outstanding audit. He commended the prompt work of the audit firm for getting the report completed in a timely manner.

Annual Report
Co-Director Shannon Ray provided the Board with the annual reports from Senior Center and Recreation Departments. A copy of the presentation is in the meeting file labeled November 18, 2024.

NCACC – Essentials of County Government - Commissioner Elect Shaffer
Ms. Stallings noted that it is recommended that the Board authorize the Clerk to register Commissioner Elect Tony Shaffer for training and accommodations so that he may attend the NCACC 2025 Essentials of County Government (also known as new Commissioner Training) which will be held in New Bern in January 2025.

Commissioner Taylor moved to authorize the expenditure. Chair Kirby asked for all in favor, the motion passed unanimously (6-0).

Financial Items
Finance Officer Cathy Smith presented the following:

FY25 Budget Amendments
BA2025-024

Account Number	Account Description	Revenue (Inc+/Dec-)	Expense (Inc+/Dec-)
Register of Deeds			
11-3418-415-00	*Preservation/Automation	786.68	
11-4180-298-00	*Dept Supplies - Auto/Pres		262.23
11-4180-440-00	*Contr Svcs - Automation/Pres		262.23
11-4180-511-00	*C/O - Auto / Pres		262.22
Sheriff's Office			
11-3431-243-00	*KIDS & COPS	50.00	
11-4317-443-00	*KIDS & COPS Expense		50.00
Animal Shelter			
11-3438-894-00	*Donations - Chowan	1,046.30	
11-3438-894-02	*Donations - Perquimans	256.55	
11-3438-894-03	*Donations - Other	1,287.49	
11-4381-600-00	*Donation - Expense		2,590.34
11-3438-895-00	*Adoption - Chowan	775.00	
11-3438-895-01	*Adoption - Gates	125.00	
11-3438-895-02	*Adoption - Perquimans	470.45	
11-3438-895-03	*Adoption - Other	972.45	
11-4381-441-00	*Contr Svcs - Spay/Neuter		2,342.90
Cooperative Ext:			
11-3495-363-00	*SHIIP Grant (Senior Health Insurance Information Program)	50.00	
11-4950-600-00	*SHIIP Grant (Senior Health Insurance Information Program)		50.00
11-3495-370-00	*AG Program Fees Discretionary	2,216.16	
11-4953-440-00	*Ag Program Fees Discretionary		2,216.16
11-3495-378-00	*4-H Fees Discretionary	5,562.00	
11-4953-448-00	*4-H Fees Discretionary		5,562.00
11-3495-380-00	*ECA Discretionary (Extension Community Association)	20.00	
11-4953-450-00	*ECA Discretionary (Extension Community Association)		20.00
Recreation			
11-3612-487-00	*Recreation Donations	3,150.00	
11-6130-299-01	*Donations - Dept Supplies		3,150.00
11-3612-504-00	*Recreation Special Events	900.00	
11-6132-453-00	*Recreation Special Events		900.00
Senior Center			
11-3616-533-00	*Reg Fees - Trips	2,057.00	
11-4268-312-00	*TRIPS - Senior Citizens		2,057.00
11-3616-533-01	*Registration Fees Activities	335.00	
11-4268-299-01	*Activities - Dept. Supplies		335.00
11-3616-535-04	*Silver Sneakers	867.00	
11-3616-535-05	*Silver & Fit	168.00	
11-3616-535-06	*Renew Active	609.00	
11-4268-352-02	*Healthways		1,644.00
11-3616-535-01	*Donations - Fitness	189.00	
11-4268-352-01	*Donations - Fitness		189.00
DSS			
12-3531-230-14	*DSS Special Events	687.00	
12-5310-450-00	*DSS Special Events		687.00
	Balanced	22,580.08	22,580.08
	Total Discretionary Income Received FYE 2025	**120,372.68**	
Justification:			
	To amend the 2025 budget to include Discretionary income for October 2024.		

BA2025-025

Account Number	Account Description	Revenue (Inc+/Dec-)	Expense (Inc+/Dec-)
Fund Balance			
11-3390-990-00	Fund Balance Appropriated	32,838.00	
Recreation			
11-3612-496-01	PARTF Grant - Bennett's Millpond - Rev	131,351.00	
11-6132-441-01	PARTF Grant - Bennett's Millpond - Exp		164,189.00
	Balanced	164,189.00	164,189.00
Justification:			
	To amend the budget for Recreation to include the PARTF - Accessible Parks Project grant for Bennett's Millpond. Grant application (and local match) was approved by BOCC on 03/04/24.		

Commissioner Lawrence moved to approve the budget amendments as presented. Chair Kirby asked for all in favor, the motion passed unanimously (6-0).

Update on JA Holmes Highschool Project Expenses

A copy of the report is in the meeting file labeled November 18, 2024.
Additionally, Ms. Smith provided the Board with an updated report on the change orders approved to date. This is also in the November 18, 2024 meeting file.

External Board/Committee Report

Chair Kirby noted that the ECP Board is meeting and discussing several exciting projects that are in the works. He stated that more information will be forth coming.

Change Order for Courthouse Renovation Project

Mr. Howard noted that a change order for the project is coming soon. He stated this is for the Clerk of Court office area. He stated that he is requesting permission to approve the change order. He requested approval for the change to be up to $75,000 however he hoped it would not be over $50,000.

Commissioner Evans moved to grant the manager authority to approve the project change order when it is presented not to exceed $75,000 to keep the project on schedule.

Chair Kirby asked for all in favor, the motion passed unanimously (6-0).

Manager's Report

County Manager Kevin Howard provided the following updates:

- The high school construction project is on schedule, a change order should be coming to the Commissioners soon for technology equipment for the auditorium.

Timely and Important Matters

Ms. Smith noted that Board members are asked to see her after the meeting to sign the audit response letter.

Adjourn

Being no further business, Commissioner Evans moved that the meeting be adjourned. Chair Kirby asked for all in favor, the motion passed unanimously (6-0).

Bob Kirby, Chairman	Susanne Stallings, Clerk