



## PROGRAM INCOME and MEDICAID INCOME

### Program Income

- Program income includes but is not limited to income from services rendered, the rental of real or personal property acquired with state funds, sale of commodities, etc. Interest earned on state-funded deposits is considered to be program income.
- Program income must be spent to achieve current year service objectives only; it cannot be used towards administrative costs. Program income may only be expended on activities which are already approved.
- Written authorization to expend program income must be obtained from Wake County Smart Start ***prior to*** expenditure.
- Program income must be expended in the year earned.
- All program income which is unexpended as of June 30 of the year earned must be reverted to Wake County Smart Start. Wake County Smart Start will subsequently revert the funds to the North Carolina Partnership for Children.
- A signed hard copy of the Annual Program Income Report, along with the reversion check payable to Wake County Smart Start, is to be submitted on July 10<sup>th</sup> following the end of each fiscal year.
- Program income earned on private funds and kept segregated from Smart Start funds, is not required to be reported or reverted to Wake County Smart Start. Program income earned on private funds that is commingled with Smart Start funds is required to be reported, but the portion attributable to private funds is not required to be reverted to Wake County Smart Start.
- Program income is subject to the annual fiscal monitoring review. Records to be provided for this review shall include but not be limited to the documentation to support type and date of funds received and documentation to support type and date of funds expended.

### Medicaid Funds Received for a Smart Start Funded Activity:

- If a direct service provider receives Medicaid funds generated by services provided through a Smart Start funded activity, the Medicaid funds received **ARE NOT** Program Income. To the extent that Medicaid receipts constitute reimbursement of the same services, this is NOT 'income' that can be used for any purpose other than reduction of expense for the activity and those services provided. Medicaid funds received **MUST** be used to offset Smart Start's cost for the activity in the SAME fiscal year in which the Medicaid funds are received. These Medicaid funds can also be used to further the activity during the same fiscal year by, for example, serving a greater number of eligible children, as

long as any related expenditures are consistent with the Smart Start approved activity description. The direct service provider if eligible must bill for Medicaid funds.

- Medicaid income and expenditures must be reported monthly on a Financial Status Report (FSR) on a year to date basis.
- Medicaid income must be expended as budgeted and cannot be used to offset administrative costs. Any changes require approval from Wake County Smart Start.
- Medicaid income must be expended in the year collected.
- All Medicaid income which is unexpended as of June 30 of the year earned must be reverted to Wake County Smart Start. Wake County Smart Start will subsequently revert the funds to the North Carolina Partnership for Children.
- Medicaid Reimbursements are subject to annual fiscal monitoring review. Records to be provided for this review shall include but not be limited to:
  - List of eligible clients
  - Records to indicate that Medicaid was billed
  - Date of service provided
  - Birth date of eligible clients
  - Explanation of service provided
  - Date and amount of related income from Medicaid
  - Documentation supporting application of Medicaid income to expenditures related to the Smart Start funded program