

# Warren County, Virginia Audit Presentation

## Fiscal Year 2017

Robinson, Farmer, Cox Associates, PLLC

Certified Public Accountants

# Overview

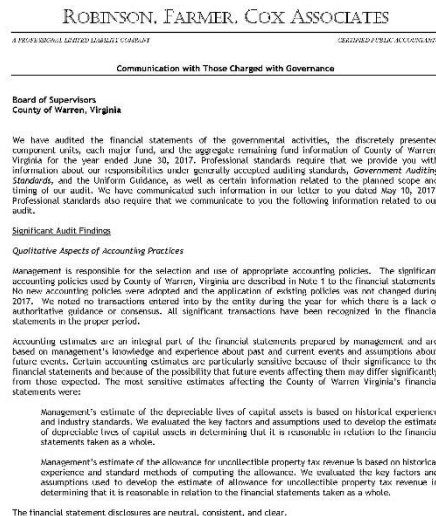
- Required Communications with Governing Body
- Audit Results
  - ▣ Auditors' Opinions & Reports
  - ▣ Financial Highlights
    - MD&A
    - Government-wide Financial Statements
    - Fund Financial Statements
    - Statistical Information
    - Compliance Testing
- *GFOA Certificate of Achievement for Excellence in Financial Reporting*



# Required Communications

## Required Communications with Governing Body

- ▣ Separate letter titled “Communication with Those Charged with Governance”



- Communication with Those Charged with Governance -

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 30, 2017.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Matters*

We applied certain limited procedures to management's discussion and analysis and the schedules related to pension and OPEB funding, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI. Our responsibility with respect to the budgetary comparison information, which also supplements the basic financial statements, is to evaluate the presentation of the schedules in relation to the financial statements as a whole and to report on whether it is fairly stated, in all material respects, in relation to the financial statements as a whole.

- Communication with Those Charged with Governance -

### *Other Matters - (Continued)*

We were engaged to report on combining and individual fund financial statements and schedules, supporting schedules, and the schedule of expenditures of federal award, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and method of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section or statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### *Restriction on Use*

This information is intended solely for the use of the Board of Supervisors and management of County of Warren, Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.

Charlottesville, Virginia  
November 30, 2017

- Communication with Those Charged with Governance -



# Required Communications

## □ Required Communications with Governing Body

### 1. Management vs. Auditor Responsibilities

#### a. Management:

- prepares financial records, maintain documents
- implement and maintain internal controls

#### b. Auditor:

- Examine internal controls, test account balances, examine supporting documentation, test compliance and issue Auditor opinions and reports

### 2. Difficulties Encountered in Performing the Audit

- No difficulties encountered



# Required Communications

- Required Communications with Governing Body
  3. Corrected and Uncorrected Misstatements
    - All audit adjustments posted
  4. Disagreements with Management
    - No disagreements in applying accounting principals
  5. Management's Consultation with Other Auditors
    - No consultations noted
  6. Significant Audit Findings
    - No significant audit findings



# Financial Report Overview

- Audited Financial Report – “Comprehensive Annual Financial Report”
  - Four Sections
    - 1. Introductory Section
      - organizational chart, Letter of Transmittal
    - 2. Financial Section
      - Indep. Auditors Report, Financial Statement Exhibits
    - 3. Statistical Section
      - Trend information presented in tables
    - 4. Compliance Section
      - Auditors report on internal controls
      - Compliance Report - Uniform Guidance (Federal Awards)



# Audit Results: Indep. Auditors Report

Financial Section: Independent Auditors Report – Pages 23 - 25

Unmodified Opinion:

*In our opinion based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.*



# Management's Discussion and Analysis

- Managements Discussion and Analysis (MD&A)
- Pages 27 - 35
  - ▣ Narrative overview of financial report
  - ▣ Prepared by the County's Finance Director/Department & County Administrator
  - ▣ Brief analysis of financial data
  - ▣ Comparisons to prior year



# Government-wide Financial Highlights

## Exhibits 1 & 2 – Pages 41 - 43

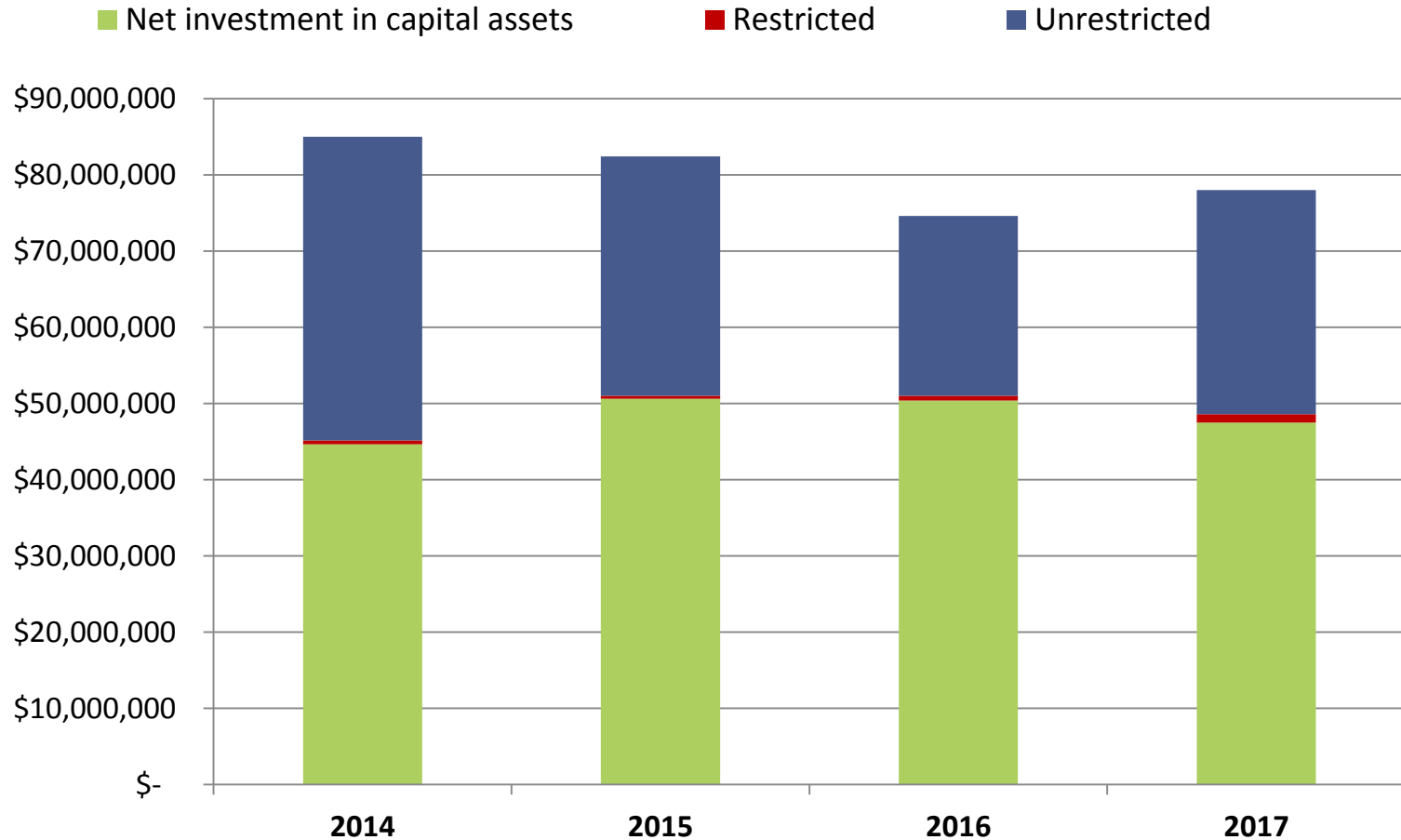
Prepared on the full accrual basis NOT budgetary basis

### Primary Government

- Ending net position of \$77,993,634 of which \$29,397,300 was unrestricted
- Decrease in total net position (Exhibit 2)
  - Total increase in Net Position of \$3,395,776



# Government-wide Net Position



# Governmental Funds Financial Highlights

## Exhibit 3 – Page 46

Prepared on the modified accrual basis (same basis as County budget)

- Combined ending fund balances for governmental funds of \$47.30 million
- General Fund – Fund balance total was \$15.77 million
- Unassigned fund balance was \$15.74 million
- Unassigned, assigned and committed accounted for \$34.77 million – all 3 categories available for appropriation at the discretion of the Board of Supervisors



# Governmental Funds Financial Highlights

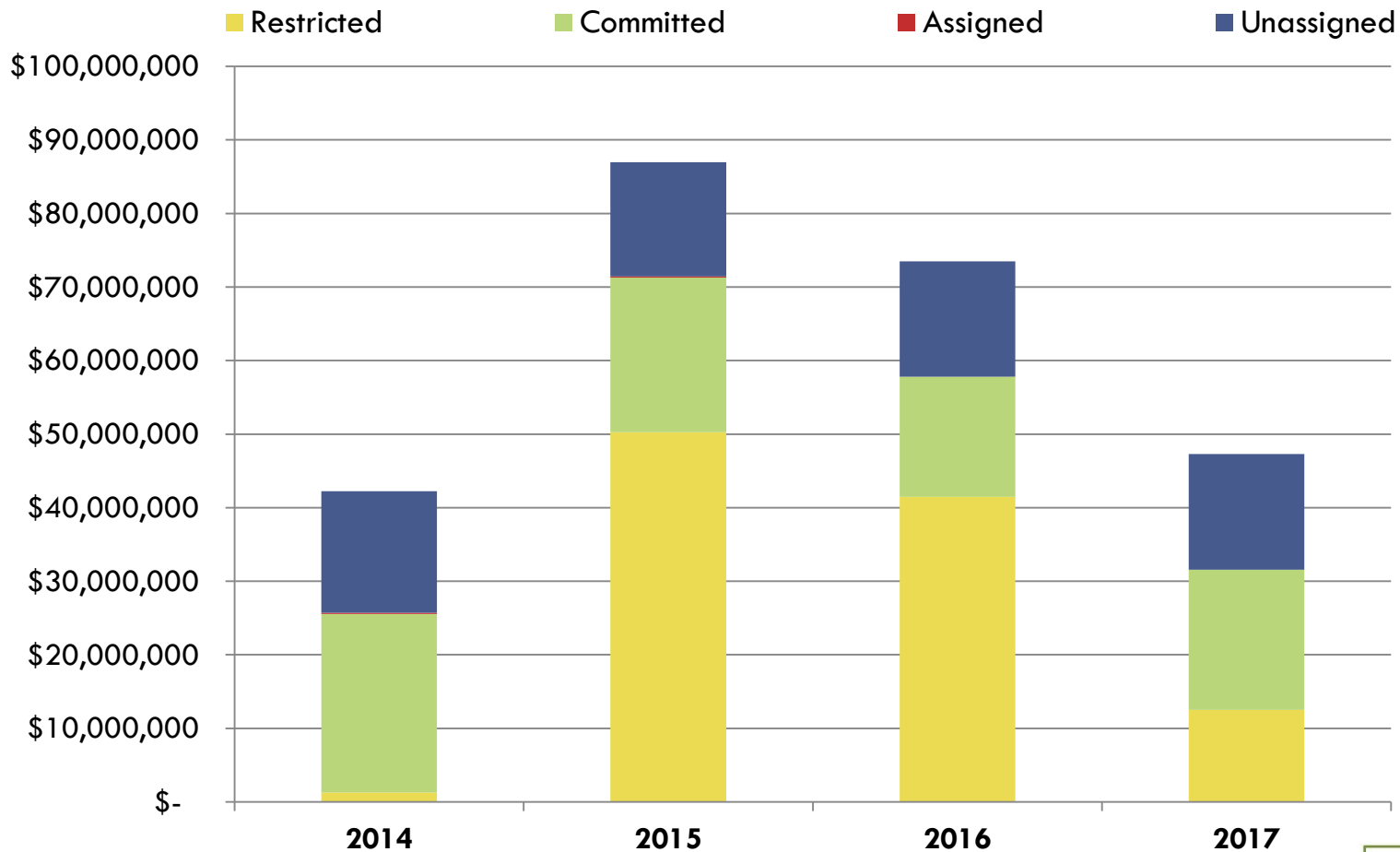
## Exhibit 5 – Page 48

Prepared on the modified accrual basis (same basis as County budget)

- Combined fund balances decreased \$26.2 million in FY 2017
- General Fund – Fund balance increased \$24,889
- Total fund balance decreased due to capital project costs – 2<sup>nd</sup> Middle School (expending bond proceeds received in prior year)
- Brief analysis of the change in fund balance can be found in the Management's Discussion and Analysis

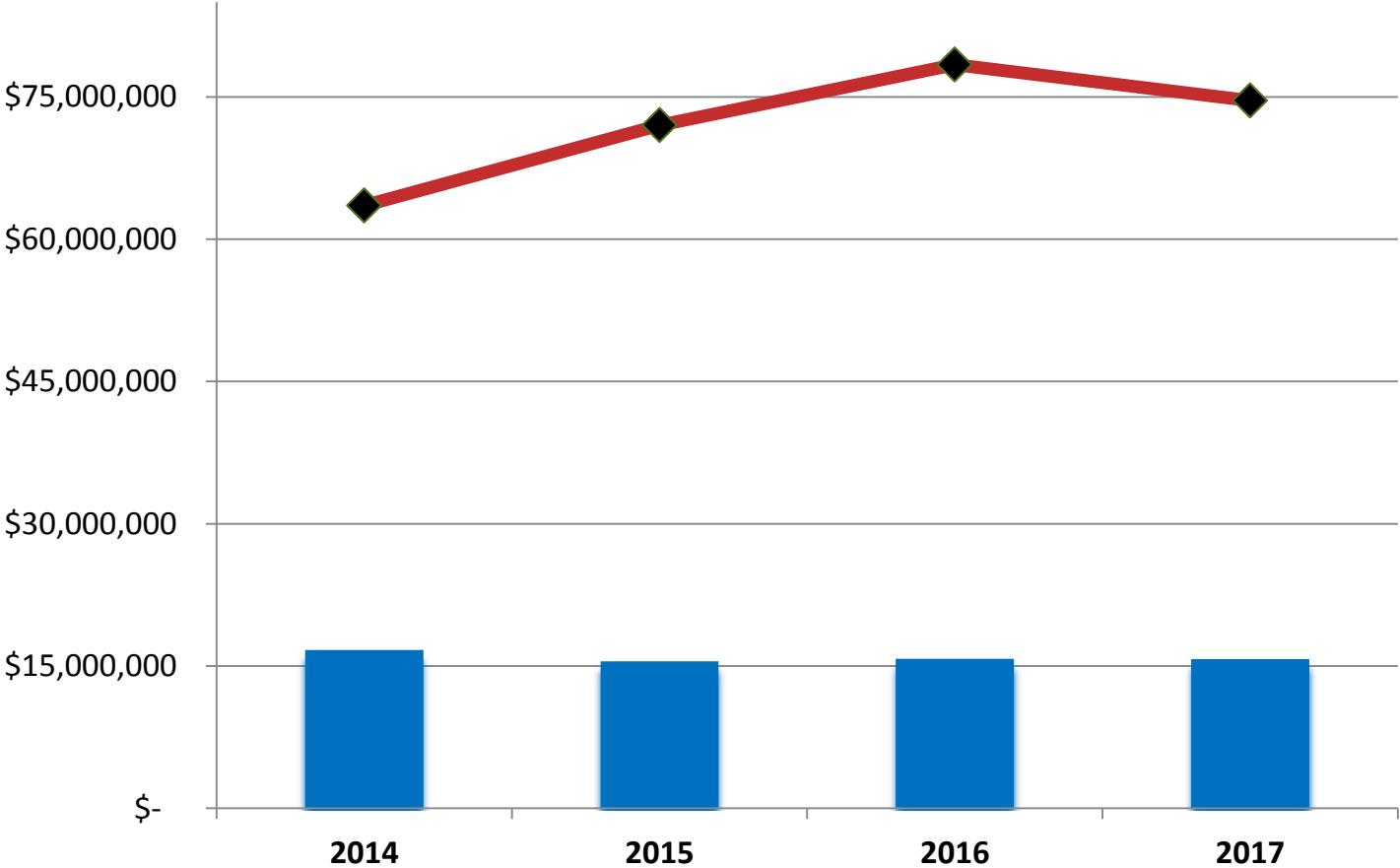


# Fund Balance by Type – All Funds



# General Fund – Equity vs. Expenditures

General Fund: **Expenditures** vs. **Fund Balance**

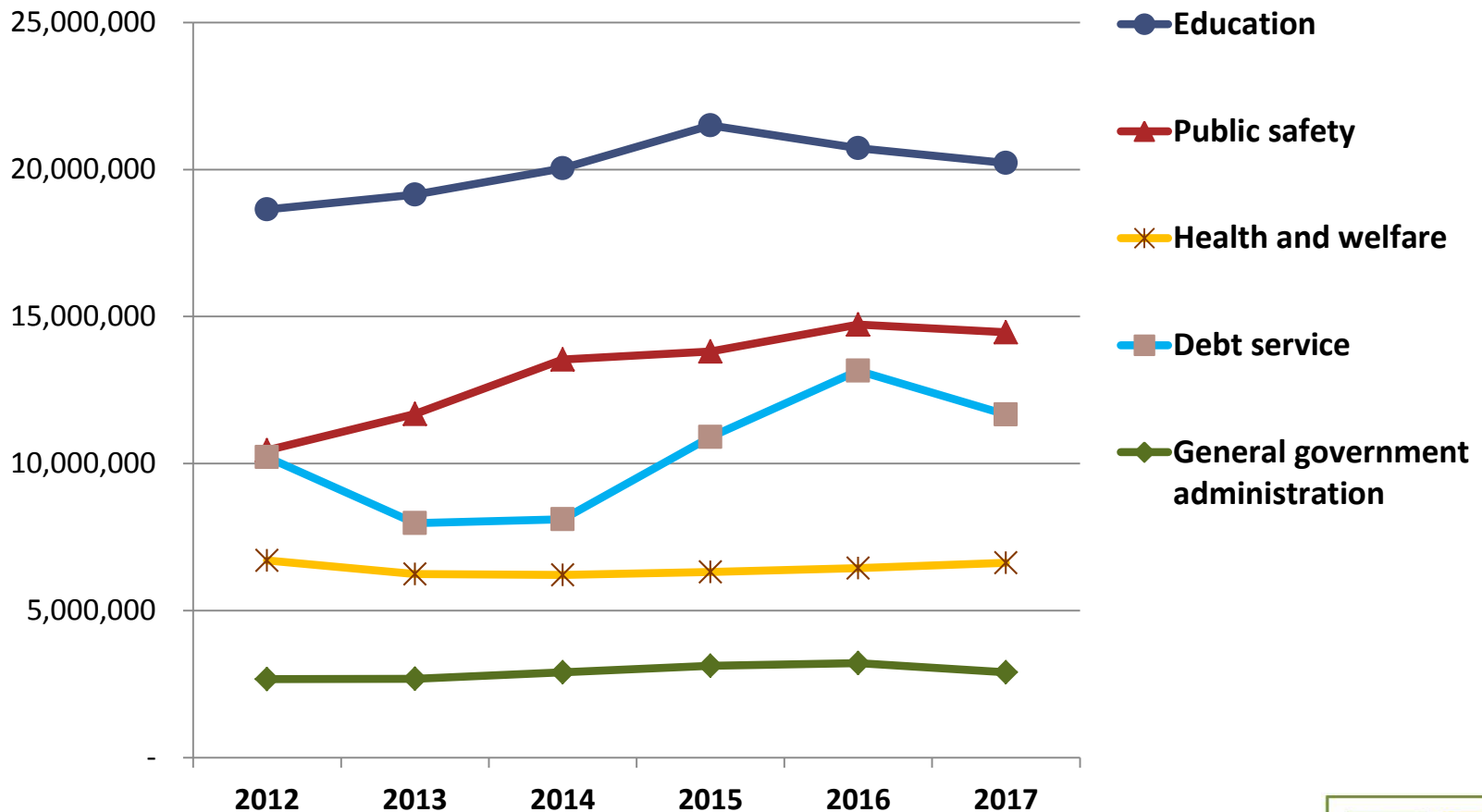


# Statistical Section

- Statistical Section provides historical trend data of selected financial categories and other operating information
  - Statistical Section – Pages 161 - 183
    - Trend data for expenditures, revenues, property tax assessments, debt and similar data
    - Demographic data – population, unemployment rate

# Statistical Section

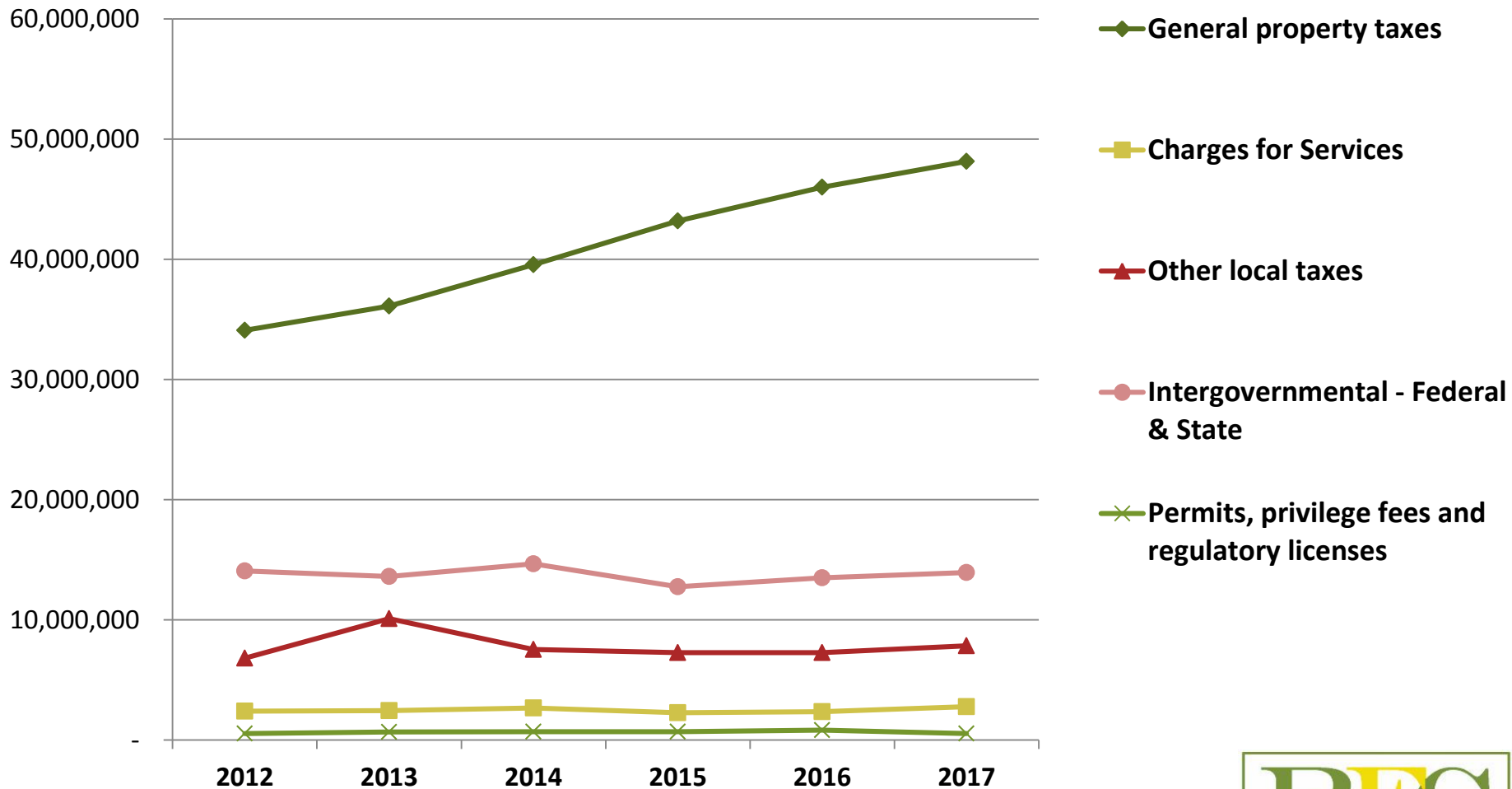
## Trend: Selected Major Expenditure Categories





# Statistical Section

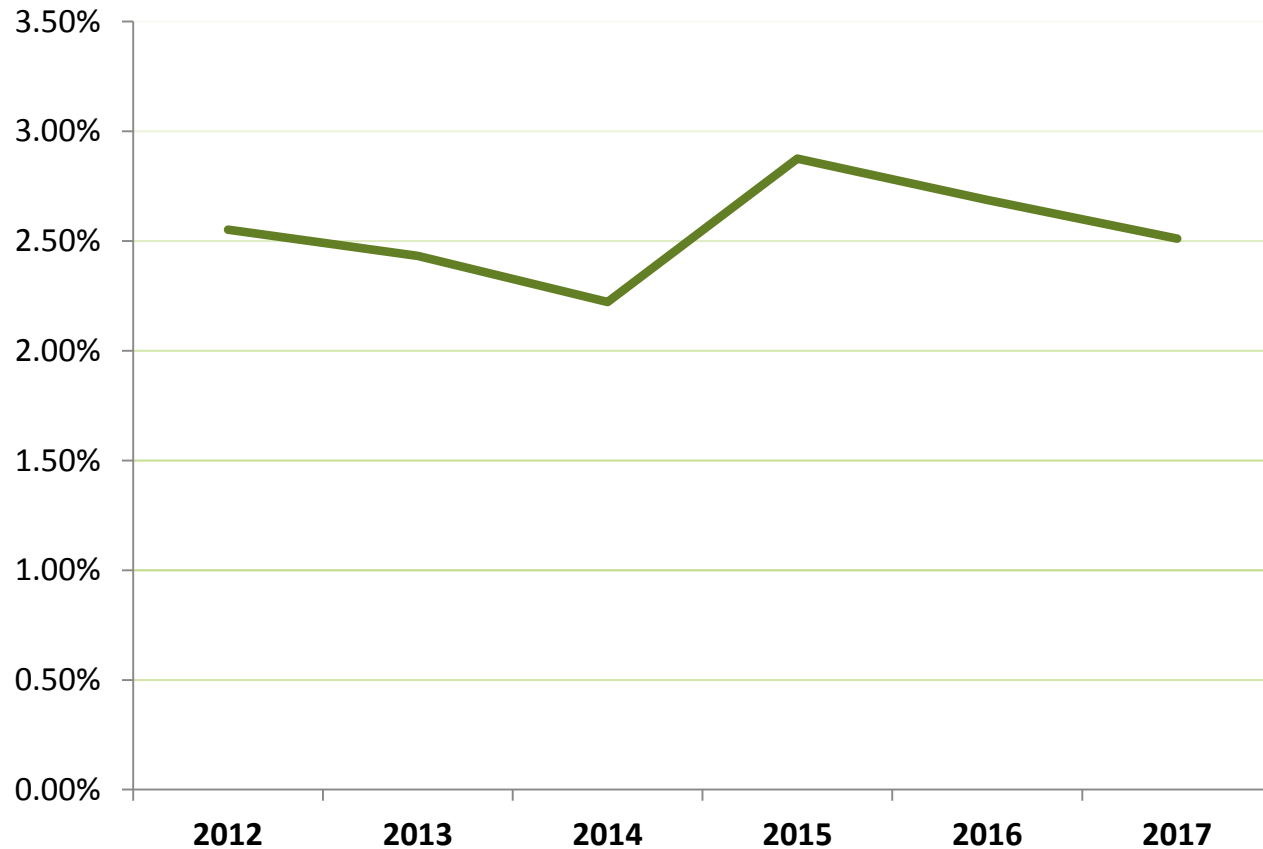
## Trend: Selected Major Revenue Categories



# Statistical Section

## Trend: Real Property Assessments vs. Debt

DEBT AS % OF REAL PROPERTY TAX ASSESSMENTS



# Compliance Section

- Auditors Report on Internal Control and Compliance
- Pages 185-186
  - ▣ No significant deficiencies or material weaknesses
- Auditors Report on Uniform Guidance (Federal Audit) Compliance
- Pages 187-188
  - ▣ No instances of noncompliance over Federal grants audited



# Future Accounting Standards – GASB 75

- GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

## Recap & Background:

- Implementation – Fiscal Year 2018
- New reporting standard changed the presentation requirements for other postemployment benefits (i.e. retiree health insurance)
- Similar to GASB 68 – reporting for pensions
- Requires reporting of the entire OPEB liability



# Award – *Certificate of Achievement for Excellence in Financial Reporting*

- Congratulations Warren County, Virginia
- FY 2016 audited financial report was awarded the *Certificate of Achievement for Excellence in Financial Reporting*
- Prestigious award administered by the Government Financial Officers Association
- Specialized review and critique of the audited financial report for compliance with accounting and financial reporting standards
- Annual award – the County will submit the FY2017 audited financial report for consideration

