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# **Le Sueur County, MN**

**Tuesday, October 17, 2017**

**Board Meeting**

## **Item 4**

**9:45 a.m. Ryan Engelstad, Baker Tilly Virchow Krause, LLP (30 min)**

***RE: 12/31/16 Audit Presentation***

**Staff Contact:**

# Le Sueur County

## Review of 2016 Audits

October 17, 2017

This report is intended solely for the use of the County Board and Management.

# Agenda



Candor. Insight. Results.

- > Status of Engagements
- > Required Audit Communications
- > Other Management Letter Points
- > Review of Financial Statements Audit
- > Review of Federal Awards Compliance Audit
- > Questions

## > Audit of Financial Statements

- Draft reports finalized – issued
- Publication of necessary info and submission of electronic report State Auditor's office completed by Auditor/Treasurer's office

## > Audit of Federal Award Programs

- Draft reports finalized – issued
- Electronic filing of Data Collection Form and Reporting Package to the Federal Audit Clearinghouse – completed

## > Audit of Compliance with State Statutes

- Included with the compliance report noted above – no findings to report

# Required Audit Communications



Candor. Insight. Results.

- > Auditors' responsibility
  - Findings similar to prior year, which are common for local governments of your size
- > Documents containing audited financial statements
- > No changes to planned scope and timing
- > Accounting policies
  - GASB 72 and 77 implemented
- > Accounting estimates
  - Net pension liability and deferrals
  - Allowance for uncollectible receivables
  - Depreciation expense
- > Financial statement disclosures are neutral, clear and consistent
- > No difficulties in performing the audit
- > Audit adjustments
  - Some were material and a complete list is attached
- > No disagreements with management
- > No consultations with other accountants
- > Management representations
- > Independence
- > Other findings or issues in normal course of audit
- > Other matters
- > Restriction on use

## Other Management Letter Points



Candor. Insight. Results.

- > Two-way communication regarding your audit
  - Planning mechanism for next year's engagement
- > Other recommendations and informational points
  - Decentralized cash collections
  - GASB updates (Statements 74, 75 and 80, and other projects)
  - Procurement rules for expenditures under federal grants

- > Independent Auditors' Report
  - Unmodified opinion
- > Management's Discussion and Analysis
- > Basic financial statements
  - Full accrual Statement of Net Position and Statement of Activities (similar to how a business would report)
  - Modified accrual fund statements (similar to budget basis)
  - Footnotes (standard disclosures)
- > Required supplementary information
  - Budget to actual schedules for General Fund and major special revenue funds
  - PERA contributions and share of net pension liability schedules
- > Supplementary information
  - Combining statements and schedules
  - Budget to actual schedules for remaining governmental funds
  - Schedule of Intergovernmental Revenues
- > See handout for highlights

## Federal Awards/Grant Programs Audit

- > 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* and *Minnesota Legal Compliance*
  - Identifies material weakness findings similar to prior years (as mentioned previously)
- > 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
  - One finding identified
- > Schedule of Findings and Questioned Costs
  - Summarizes results
  - Identifies the major grant programs tested (Child Support and Medical Assistance)
- > Schedule of Expenditures of Federal Awards
  - Lists all federal grants and amounts expended for each
  - Total expenditures were \$2,781,834 (programs noted above represented 50% of total)



# Questions?

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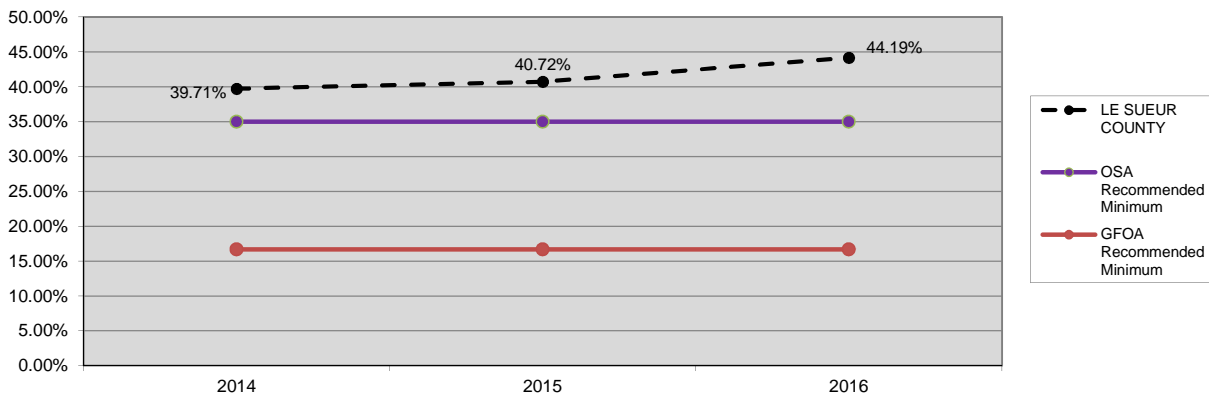
Minneapolis, MN 55402

# LE SUEUR COUNTY

## 2016 FINANCIAL STATEMENT HIGHLIGHTS

GENERAL FUND		2016
<b>Details of Fund Balance</b>		
<u>Nonspendable</u>		
<i>includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.</i>		\$ 199,833
<u>Restricted</u>		
<i>consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations or other governments or 2) law through constitutional provisions or enabling legislation.</i>		905,712
<u>Assigned</u>		
<i>includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed.</i>		57,000
<u>Unassigned</u>		
<i>includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories.</i>		5,763,579
<b>Total Fund Balance (page 3)</b>		<u>\$ 6,926,124</u>
<b>General Fund Expenditures (page 5)</b>		<u>\$ 13,171,014</u>
Assigned and Unassigned Fund Balance		<u>\$ 5,820,579</u>
Assigned and Unassigned General Fund - Fund Balance as % of above Expenditures		<u>44.19%</u>

**Available or Assigned/Unassigned Fund Balance as a Percentage of Expenditures**



General Fund Summarized Income Statement (page 46)		2016 Budget	2016 Actual	2015 Actual
Revenues and other financing sources		\$ 13,458,632	\$ 13,802,256	\$ 13,283,423
Expenditures and other financing uses		(13,537,972)	(13,187,680)	(12,753,685)
<b>NET CHANGE IN FUND BALANCE</b>		<u>\$ (79,340)</u>	<u>\$ 614,576</u>	<u>\$ 529,738</u>
CASH AND INVESTMENTS		2016	2015	2014
Cash and Investments				
Unrestricted		\$ 23,467,822	\$ 20,701,755	\$ 17,494,605
Fiduciary Funds		1,748,585	1,456,359	1,433,822
<b>Total Cash and Investments (page 22)</b>		<u>\$ 25,216,407</u>	<u>\$ 22,158,114</u>	<u>\$ 18,928,427</u>

**LE SUEUR COUNTY**  
**2016 FINANCIAL STATEMENT HIGHLIGHTS (cont.)**

<b>MAJOR SPECIAL REVENUE FUND - ROAD &amp; BRIDGE</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total Fund Balances (Deficit) (page 3)	\$ 3,768,263	\$ 3,050,445	\$ (1,957,741)
<b>MAJOR SPECIAL REVENUE FUND - HUMAN SERVICES</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total Fund Balances (page 3)	\$ 5,815,509	\$ 6,074,170	\$ 6,057,164
<b>MAJOR SPECIAL REVENUE FUND - ENVIRONMENTAL HEALTH</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total Fund Balances (page 3)	\$ 3,537,113	\$ 2,278,354	\$ 1,917,340
<b>MAJOR SPECIAL REVENUE FUND - COUNTY DITCH</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total Fund Balances (Deficit) (page 3)	\$ (549,500)	\$ (546,202)	\$ (119,937)
<b>GENERAL LONG-TERM DEBT</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
Outstanding General Obligation (G.O.) Debt, less amount available in debt service fund	\$ 18,179,444	\$ 18,625,453	\$ 10,614,012
Total G.O. Debt Capacity (page 28)	112,477,845	109,979,391	107,335,590
Percent of Debt Limit	16.16%	16.94%	9.89%
<b>Percentage of Debt Service to Non-Capital Expenditures - Governmental Funds</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	9.31%	6.66%	7.71%

**Debt Service to Non-Capital Expenditures**

