



Le Sueur County, MN

Tuesday, October 20, 2015

Board Meeting

Item 5

10:15 a.m. Ryan Engelstad, Baker Tilly Virchow Krause, LLP (30 min)

RE: Review of 2014 Audits

Staff Contact:

Le Sueur County

Review of 2014 Audits

October 20, 2015

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 to State Auditor’s office completed by the county
- > Audit of Federal Award Programs
 - Draft reports finalized – issued
 - Electronic filing of Data Collection Form and Audit Report to the Federal Audit Clearinghouse to be 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 your size
- > Documents containing audited financial statements
- > No changes to planned scope and timing
- > Accounting policies
 - No new standards implemented
- > Accounting estimates
 - Not aware of any sensitive accounting estimates used by management
- > Financial statement disclosures are neutral, consistent and clear
- > 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
 - Letter is attached
- > 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
- > Other recommendations and informational points
 - Decentralized cash collections
 - OMB Uniform Guidance for federal awards now in effect
 - GASB updates
 - » GASB Statement No. 68 and 71 related to pensions effective for 2015

- > Independent Auditors' Report
 - Unmodified opinion
 - Reference to other auditors' report with regards to the HRA financial statements
- > 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
- > Supplementary information
 - Combining statements and schedules
 - Budget to actual schedules for remaining governmental funds
 - Schedule of Intergovernmental Revenues
- > See handout for highlights

- > 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 OMB Circular A-133
 - No findings identified
- > Schedule of Findings and Questioned Costs
 - Summarizes results
 - Identifies the grant programs tested
 - » Social Services Block Grant
 - » Child Support Enforcement
 - » Medical Assistance Program
- > Schedule of Expenditures of Federal Awards
 - Lists federal grants and amounts expended for each in the current year
 - Total expenditures were \$2,183,053 (programs tested represented 51% of total)

Questions?

Ryan Engelstad, CPA, Partner

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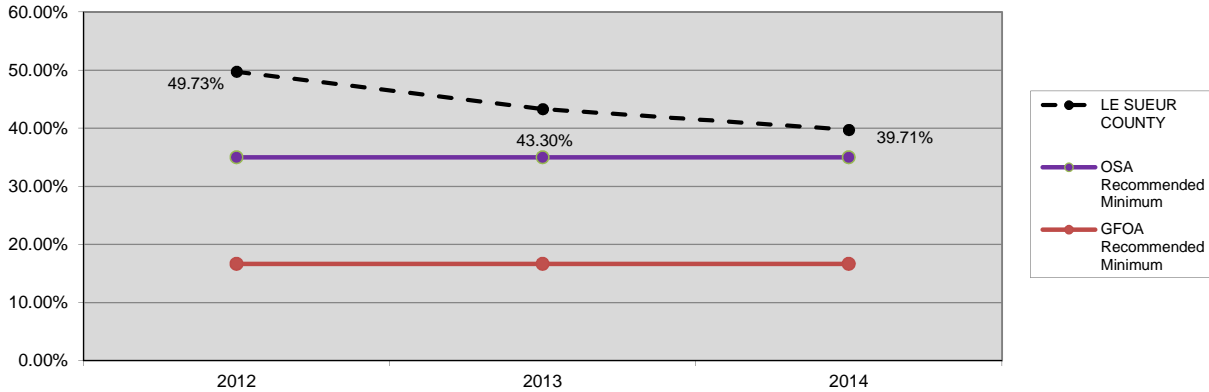
225 South 6th Street, Suite 2300

Minneapolis, MN 55402

**LE SUEUR COUNTY
2014 FINANCIAL STATEMENT HIGHLIGHTS**

GENERAL FUND	2014
Details of Fund Balance	
<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>	\$ 27,286
<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>	1,005,232
<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>	13,000
<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>	4,736,292
Total Fund Balance (page 3)	\$ 5,781,810
General Fund Expenditures (page 5)	\$ 11,958,794
Assigned and Unassigned Fund Balance	\$ 4,749,292
Assigned and Unassigned General Fund - Fund Balance as % of above Expenditures	39.71%

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



General Fund Summarized Income Statement (page 36)	2014 Budget	2014 Actual	2013 Actual
Revenues and other financing sources	\$ 11,679,890	\$ 11,811,265	\$ 11,338,212
Expenditures and other financing uses	(11,691,890)	(11,973,760)	(11,711,650)
NET REVENUES	\$ (12,000)	\$ (162,495)	\$ (373,438)
CASH AND INVESTMENTS	2014	2013	2012
Cash and Investments			
Unrestricted	\$ 17,494,605	\$ 19,850,069	\$ 18,303,408
Fiduciary Funds	1,433,822	1,450,154	1,243,588
Total Cash and Investments (page 22)	\$ 18,928,427	\$ 21,300,223	\$ 19,546,996

LE SUEUR COUNTY
2014 FINANCIAL STATEMENT HIGHLIGHTS (cont.)

MAJOR SPECIAL REVENUE FUND - ROAD & BRIDGE	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Fund Balances (Deficit) (page 3)	\$ (1,957,741)	\$ 1,378,982	\$ 2,333,627
MAJOR SPECIAL REVENUE FUND - HUMAN SERVICES	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Fund Balances (page 3)	\$ 6,057,164	\$ 5,431,366	\$ 5,100,565
MAJOR SPECIAL REVENUE FUND - ENVIRONMENTAL HEALTH	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Fund Balances (page 3)	\$ 1,917,340	\$ 1,983,895	\$ 2,046,431
GENERAL LONG-TERM DEBT	<u>2014</u>	<u>2013</u>	<u>2012</u>
Outstanding General Obligation (G.O.) Debt, less amount available in debt service fund	\$ 10,614,012	\$ 12,462,438	\$ 14,463,928
Total G.O. Debt Capacity	107,335,590	100,973,613	98,045,172
Percent of Debt Limit	9.89%	12.34%	14.75%
Percentage of Debt Service to Non-Capital Expenditures - Governmental Funds	6.89%	7.93%	7.13%

Debt Service to Non-Capital Expenditures

