

# County of Warren, Virginia Audit Presentation

For the Year Ended June 30, 2023

May 14, 2024

Robinson, Farmer, Cox Associates, PLLC

Certified Public Accountants

# Overview

- Required Communications with Governing Body
  - Management Responsibilities
  - Auditor Responsibilities
  
- Audit Results
  - Auditors' Opinions & Reports
  - Financial Highlights
    - Fund Financial Statements
    - Statistical Information
    - Compliance Testing

# Required Communications

## □ Required Communications with Governing Body

### 1. Management vs. Auditor Responsibilities

#### a. Management:

- preparation and fair presentation of the financial statements
- design, implement, and maintain internal controls to prevent or detect misstatements on a timely basis

#### b. Auditor:

- Examine internal controls, test account balances, sample testing of transactions 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
    - Proposed material adjustments
  - 4. Disagreements with Management
    - No disagreements in applying accounting principals
  - 5. Management's Consultation with Other Auditors
    - No consultations noted
  - 6. Other Matters
    - Disclaimer of Opinion – EDA financial statements

# Financial Report Overview

## □ Audited Financial Report – “Annual Comprehensive 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

## **Unmodified Opinion – County Financial Statements and School Board**

*In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit – School Board, each major fund, and the aggregate remaining fund information of the County of Warren, Virginia, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.*

# Audit Results: Indep. Auditors Report

## Disclaimer of Opinion – EDA/IDA

### **Basis for Disclaimer of Opinion on the Discretely Presented Component Unit – EDA**

The financial statements of the Industrial Development Authority of the Town of Front Royal and the County of Warren, Virginia (EDA) have been omitted. The amounts by which this omission would affect the assets, deferred outflow of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of this discretely presented component unit have not been determined.

### **Disclaimer of Opinion**

Because of the significance of the matter described in the “Basis for Disclaimer of Opinion on the Discretely Presented Component Unit - EDA” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit EDA of the Town of Front Royal and the County of Warren, Virginia. Accordingly, we do not express an opinion on these financial statements.

# Governmental Funds Financial Highlights

## Exhibit 3

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

- Combined ending fund balances for governmental funds of \$34.5 million
- General Fund – Fund balance total was \$13.3 million
- Unassigned fund balance was \$10.8 million
- Unassigned and committed accounted for \$30.1 million – both categories available for appropriation at the discretion of the Board of Supervisors



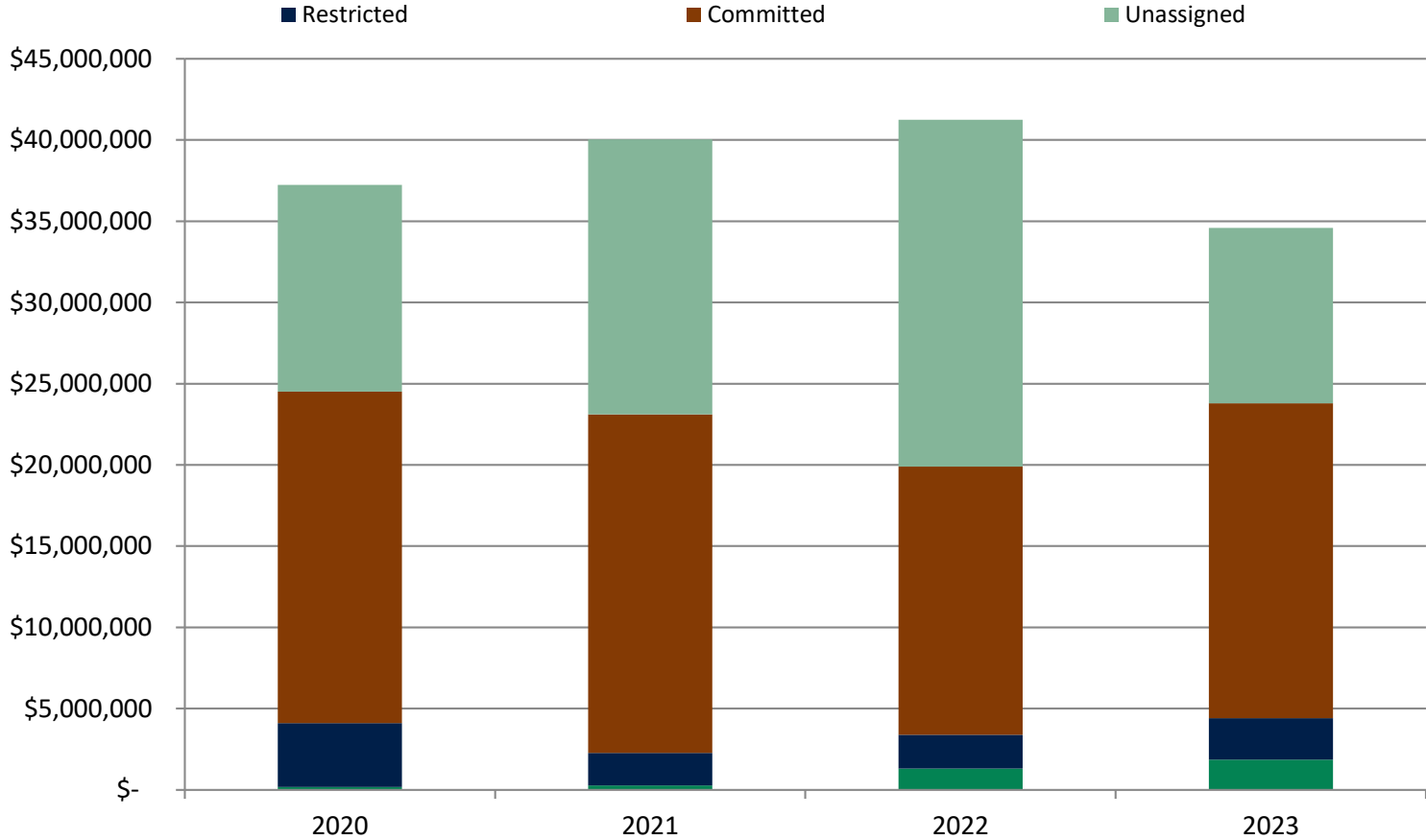
# Governmental Funds Financial Highlights

## Exhibit 5

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

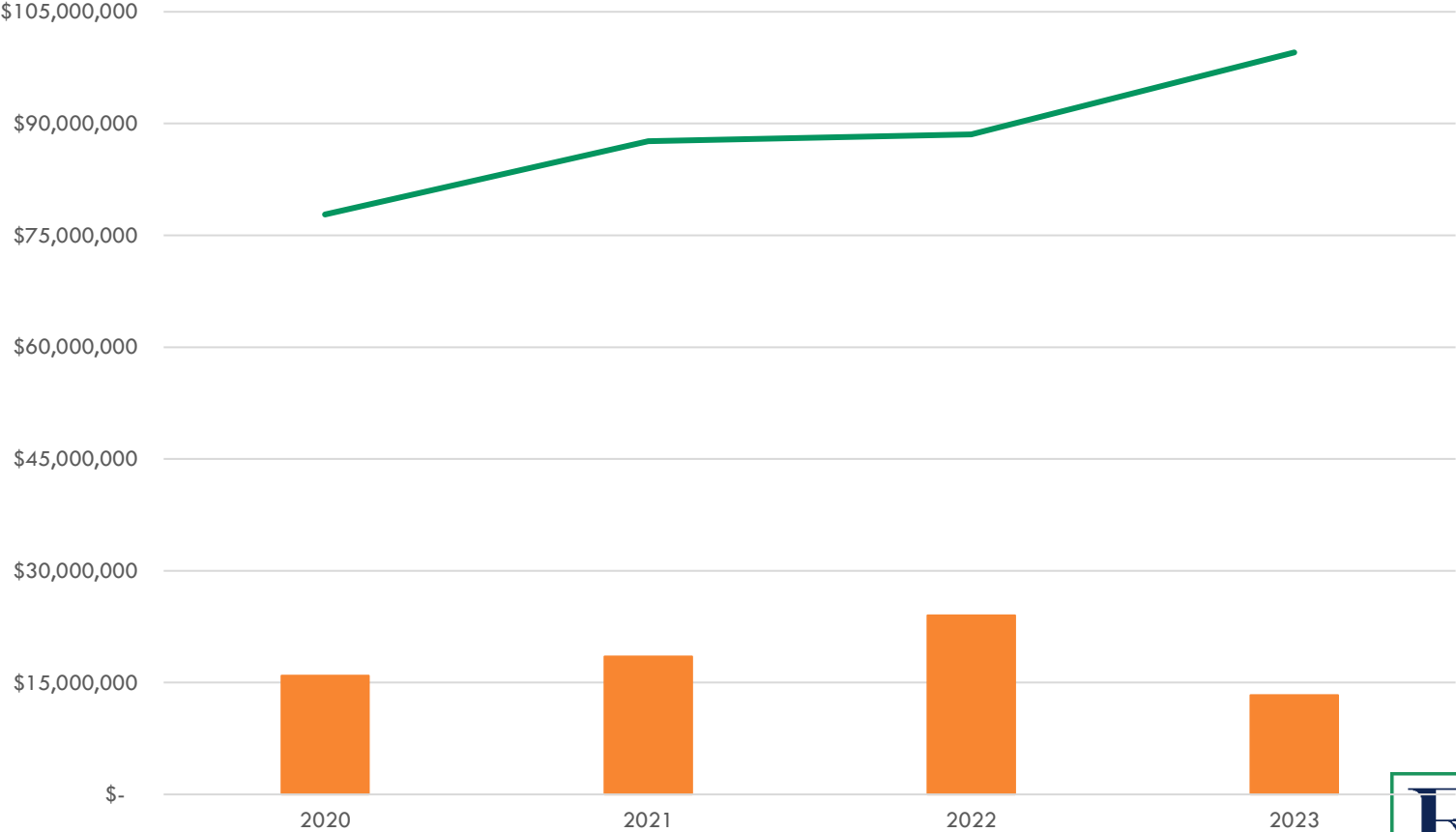
- Combined fund balances decreased by \$5.7 million in FY 2023
- General Fund – Fund balance decreased by \$7.7 million
  - General Fund balance decrease was mostly due to transfers to Capital Improvement and Asset Replacement Funds and appropriation to School Board over budget.

# Fund Balance by Type – All Governmental Funds



# General Fund – Equity vs. Expenditures

## General Fund: Expenditures (excl. capital proj.) vs. Fund Balance



# Other General Fund Statistics

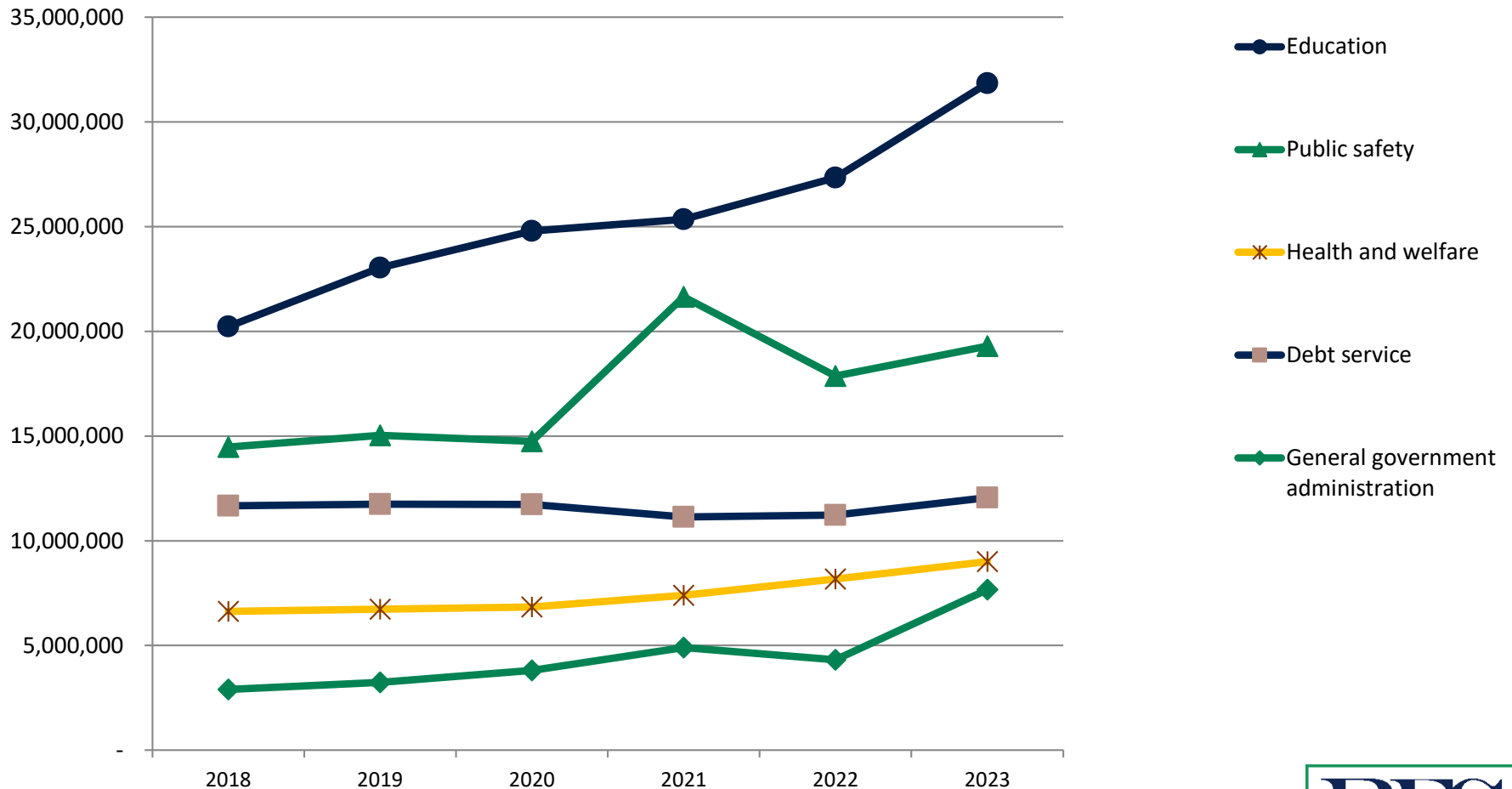
- General Fund – Unassigned Fund Balance as percentage of Expenditures (excluding capital projects):
  - FY 2023 - 11.22%
  - FY 2022 - 24.71%
  - FY 2021 - 21.10%
  - FY 2020 - 20.45%
  
- General Fund Revenues - current and 3 prior years
  - FY 2023 - \$93,124,240
  - FY 2022 - \$88,292,574
  - FY 2021 - \$92,723,532
  - FY 2020 - \$81,639,396

# Statistical Section

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

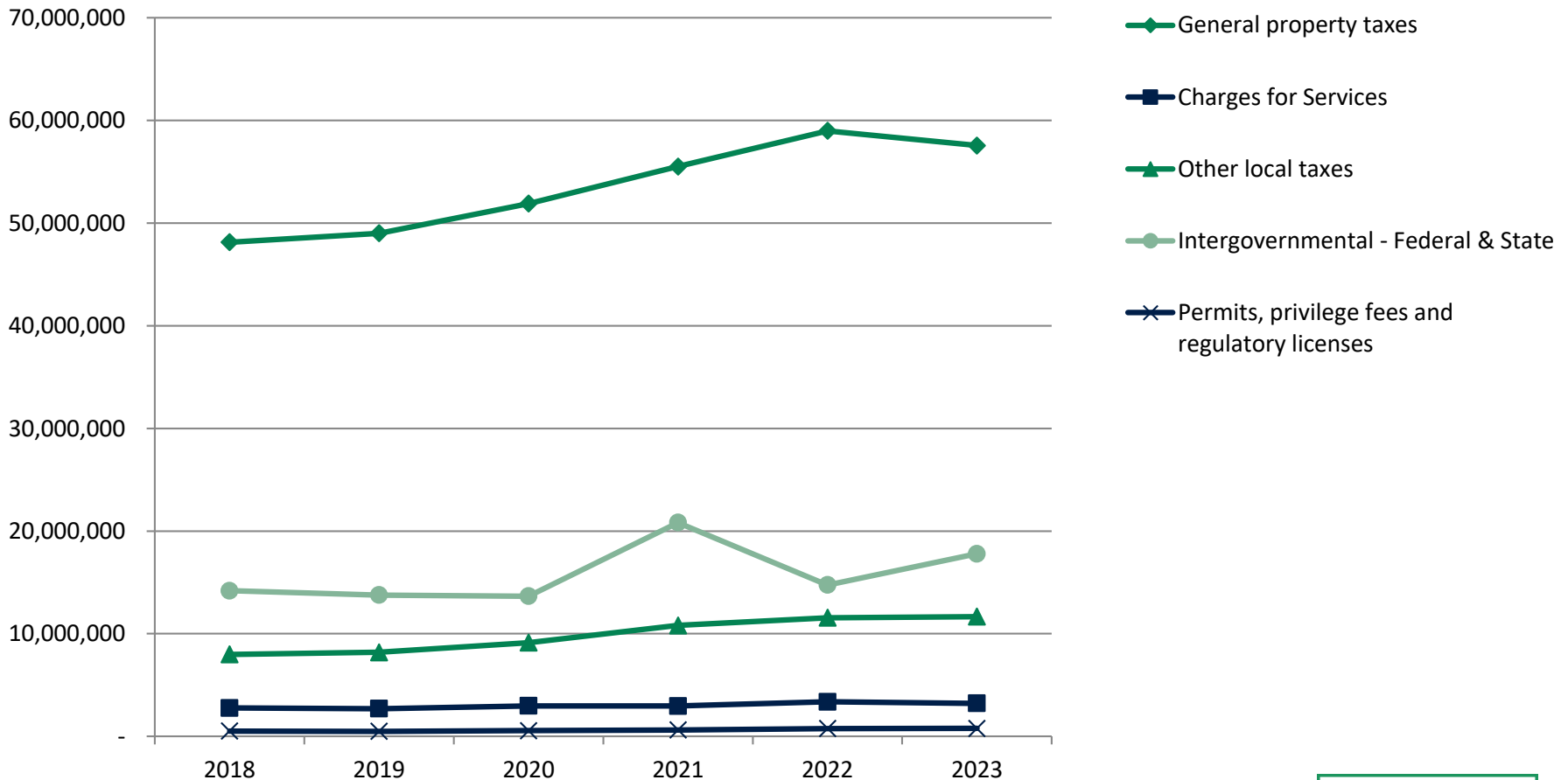
# Statistical Section

## Trend: Selected Major Expenditure Categories



# Statistical Section

## Trend: Selected Major Revenue Categories



# Compliance Section

- Auditors Report on Internal Control and Compliance
  - No significant deficiencies
  - Material weakness
    - 2023-001 – Material Audit Adjustments Proposed by Auditor
- Auditors Report on Uniform Guidance (Federal Audit) Compliance
  - Coronavirus State and Local Fiscal Recovery Funds (21.027)
    - 2023-002 – Incorrect reporting of project expenditures on annual P&E report submitted March 2023



# Questions and Comments

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Member

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