

Marshall County Audit Presentation

- Introduction –
 - Second Year we have completed the County Audit
 - Audit process was more efficient this year with one year under our belt
 - Department Heads were cooperative
 - Gave me good/detailed explanations
 - Provided all requested supporting documentation
 - Overall I think you will find that it was a good experience from our side and from the department heads point of view.
- Summary of Audit Report and Financials
 - 3 Separate Audit Opinions
 - **Opinion on Financials** – Clean Opinion – States financial statements were prepared in accordance with GAAP. No findings or qualifications identified in this opinion.
 - **Opinion on Internal Control and Compliance** – We had one finding considered to be a significant deficiency in internal control that was a repeat from the prior year– due to the small number of personnel in each office, it would be very difficult for the County to have ideal segregation of duties in each office. That being said, the County does have strong compensating controls in place to minimize the amount of risk caused by lack of ideal segregation of duties.
 - **Opinion on Compliance with OMB A-133 or Single Audit Opinion** – Because the County received and spent over \$500,000 in federal funds in fiscal 2014, you were required to have a Single Audit Completed – This entails testing and analysis of compliance with requirements of federal grant programs. This was a clean opinion with no findings.
 - Financial Overview
 - Total Assets of County not including Agency Funds were \$19,161,531 at 11/30/14 up from \$19,061,287 at 11/30/13
 - Total Liabilities of County were \$490,662 at 11/30/14 down from \$554,783 at 11/30/13
 - Total Net Position or Retained Earnings of County was \$16,082,169 at 11/30/14 up from \$15,916,385 at 11/30/13
 - Overall Change in Net Position from Operations was a positive \$165,784 for the year ended 11/30/14
 - The General Fund had an increase in Fund Balance of \$131,598 during the fiscal year.
 - Cash and Investment balances in the General Fund totaled \$3.4 million at 11/30/14 up from \$3.2 million at 11/30/13, and the fund balance totaled \$3.6 million at 11/30/14 up from \$3.5 million at 11/30/136.

- Overall the County is in a strong financial position as of 11/30/14 with high cash and investment balances, capital assets with cost significantly higher than accumulated depreciation amounts, and low amounts of debt and other liabilities.
- Management Letter – Recommendations not Considered Significant Deficiencies
 - **Interfund Activity** – This has been an ongoing issue for a number of years during the audit process, but we saw significant improvement this year thanks to a helpful meeting between my firm, the treasurer, Mr. Durham and the County Clerk’s office. We had a few small glitches related to interfund activity this year, but overall much improved.
 - **Bank Reconciliations** – Bank reconciliations are completed for all of the County’s bank accounts each month. During the audit, we found mistakes and inconsistencies in the bank reconciliations that we reviewed for several bank accounts. This issue occurred due to a delay in the completion of the monthly bank reconciliations, and mainly occurred in accounts relating to the Highway Department. We have communicated this issue to the County Treasurer, and have provided instruction as to solutions that will correct this problem.
 - **Hand Written Ledgers** – As I mentioned last year, a handwritten ledger is being maintained for all transactions of all funds as part of the reconciliation and review process. This seems to be cumbersome and very time consuming. The use of sophisticated accounting software was put in place to make the bookkeeping and reconciliation processes more efficient, not add an additional step to the process. A discussion should be had about whether these ledgers are necessary, and if another reconciliation/review process may make more sense. We feel that the time spent on this task could be more efficiently utilized in other day to day procedures or internal controls of the treasurer’s office.
 - **Budget Overages** – Several funds had actual expenditures in excess of appropriations during the fiscal year. This violates State Statutes. The appropriation ordinance should be amended prior to the end of the fiscal year if overages are anticipated. Amending the budget can be completed in the same manner as the original budget is approved.
- SAS 114 Letter – Required Communications
 - No significant audit findings identified
 - All adjustments that we proposed were agreed to by the treasurer and will be posted – most were to adjust from cash basis to accrual basis.
 - No significant difficulties identified during the audit
 - No significant disagreements with department heads.