



AUDIT  
EXIT CONFERENCE  
FYE JUNE 30, 2017



---

Incorporated County of Los Alamos, New Mexico

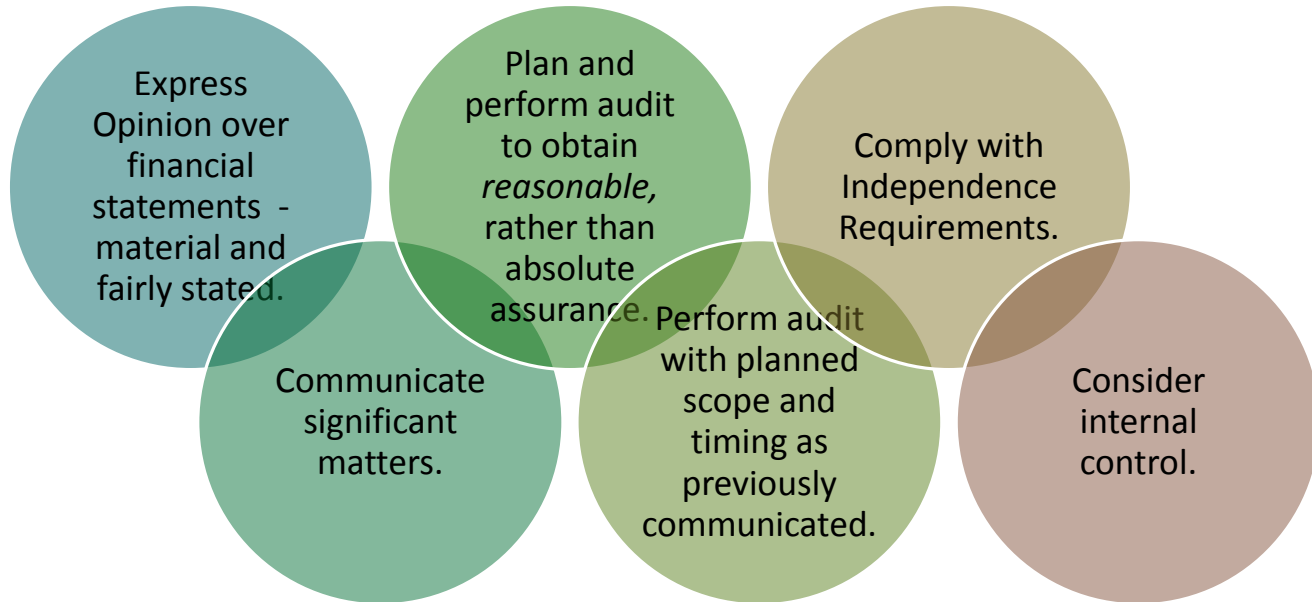
Janet Pacheco-Morton, CPA, CGFM  
Ana Maria Casey, Senior Accountant  
Kim Keahbone, Senior Associate

November 28, 2017

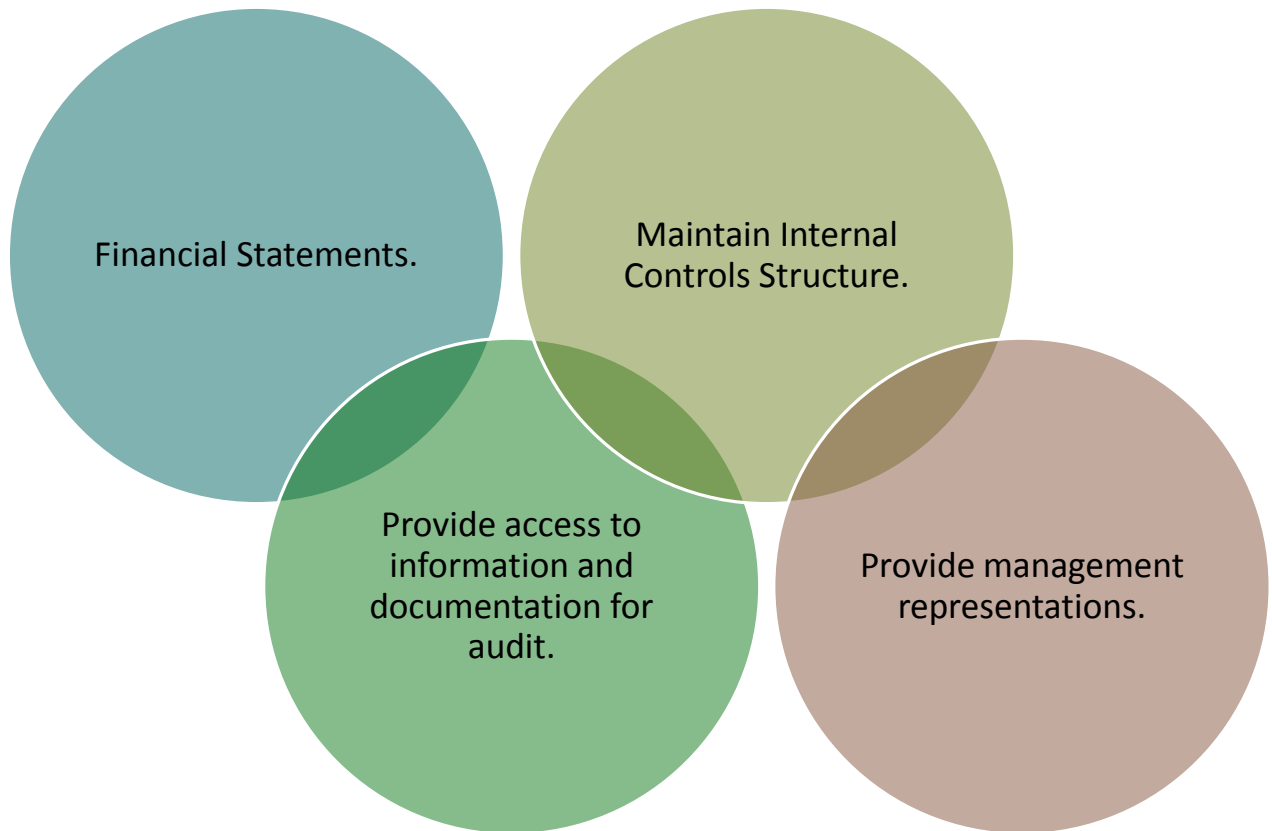
# Agenda

- Auditor's Responsibilities
- Management's Responsibilities
- Opinions
- Significant Accounting Policies
- Significant Accounting Estimates
- Schedule of Findings and Questioned Costs

# Auditor's Responsibility



# Management's Responsibility



# Audit Opinions

- Independent Auditor's Report - **Unmodified**
- Report On Compliance With Requirements That Could Have a Direct and Material Effect On Each Major Program and On Internal Control Over Compliance in Accordance with OMB Uniform Guidance - **Unmodified**



# Required Communications

- Significant Accounting Policies – Note 1
- Significant Accounting Estimates
  - Allowance for Doubtful Accounts
  - Fair Market Value, Investments
  - Lives of Capital Assets for calculating Depreciation Expense/Accumulated Depreciation
  - Accrued Compensated Absences, Short Term Portion
  - Self Insurance IBNR Reserve
  - Net Pension Liability
  - Special Closure Costs –
    - San Juan
    - Landfill

# Required Communications

- Significant Difficulties During the Audit – None
- Audit Adjustments – None
- Passed Adjustment – Inter-fund transaction:

## **Fund 542 - Water**

Advances to Other Funds	(159,176)
Due from Other Funds	8,886

## **Fund 551 - Wastewater**

Due to other Funds	(8,886)
Advances from Other Funds	159,176

(Corrected in FY18)

- Disagreements with Management – None
- Representations Requested from Management
- Other Significant Matters, Findings or Issues - None

# Summary of Auditor's Results

## Section 1 - Summary of Auditor's Results

### SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued **Unmodified**

#### Internal control over financial reporting:

- |   |    |
|---|----|
| 1. Material weaknesses identified                       | No |
| 2. Significant deficiencies identified                  | No |
| 3. Noncompliance material to financial statements noted | No |

#### Federal Awards

Type of auditor's report issued on compliance for major programs **Unmodified**

#### Internal control over major programs:

- |  |    |
|--|----|
| 1. Material weaknesses identified      | No |
| 2. Significant deficiencies identified | No |

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? **No**

#### Identification of major program:

<u>CFDA No.</u>	<u>Name of Federal Program</u>
81.XXX	Fire Protection, Emergency Medical and Rescue Services - Cooperative Agreement
97.036	FEMA, Flood Disaster Declaration, Public Assistance

Dollar threshold used to distinguish between Type A and Type B Programs **\$750,000**

Auditee qualified as a Low-Risk Auditee **Yes**



# Upcoming Significant Accounting Standards

(No effect on Agency financial statements; CAFR Only)

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions addresses accounting and financial reporting by government employers, currently covered by GASB Statement 45. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans covers financial reporting by plans that administer OPEB benefits on behalf of governments, currently under GASB Statement 43. The new OPEB accounting standards are similar to GASB 67 and 68, which govern accounting for pension benefits:

Unfunded OPEB liabilities will be recognized on the face of an agency's financial statements

A 20-year Municipal Bond rate is used to discount unfunded benefit payments and the long-term rate of return on plan investments is used to discount benefits projected to be paid by plan assets --- this will increase reported liabilities for agencies not pre-funding OPEB benefits  
Use of the Entry Age actuarial cost method is required

Extensive note disclosures and required supplementary information must be presented

These are accounting standards and do not require that OPEB benefits be funded

# What else is new?

Improve audit efficiency without reducing transparency

- Auditors no longer required to set planning materiality at the individual fund level (follow AICPA AAG-SLV 4.72-4.73)
- Combining and individual fund financial statements for non-major funds no longer included in auditor's opinion
- Still included in report as SI
- AU-C 725 "in relation to" opinion
- Vendor Schedule no longer supplemental to financial statements

