

06-03-Accounting and Financial Reporting

Fund/Agency: 001/06	Department of Finance	
Personnel Services	\$1,391,258	<div style="text-align: center;"> <p>CAPS Percentage of Agency Total</p> <p>A pie chart titled 'CAPS Percentage of Agency Total' is located on the right side of the table. It is divided into two segments: a blue segment representing 'Accounting and Financial Reporting' at 35.6%, and a yellow segment representing 'All Other Agency CAPS' at 64.4%. A legend below the chart identifies the colors: blue for 'Accounting and Financial Reporting' and yellow for 'All Other Agency CAPS'.</p> </div>
Operating Expenses	\$1,127,147	
Recovered Costs	(\$218,852)	
Capital Equipment	\$0	
Total CAPS Cost:	\$2,299,553	
Federal Revenue	\$0	
State Revenue	\$152,821	
User Fee Revenue	\$0	
Other Revenue	\$0	
Total Revenue:	\$152,821	
Net CAPS Cost:	\$2,146,732	
Positions/SYE involved in the delivery of this CAPS	26/26	

► CAPS Summary

The Accounting and Financial Reporting program provides the capability to produce consistent and reliable financial information used by managers, citizens, other governments, and commercial interests. Through this CAPS, the Department of Finance maintains the financial accounts used throughout the County. This resource supports the individual needs of agencies while applying accepted uniform standards to ensure that financial data is comparable from year to year, from agency to agency, from jurisdiction to jurisdiction, and can be relied upon by those with an interest in the financial health and the result of operations in the County. A variety of internal control measures are designed, applied, and tested to assure the integrity of data and the protection of County assets. In response to a variety of needs and requirements, the team of public finance accountants and analysts delivering this service produces the Comprehensive Annual Financial Report, which serves as an extensive resource for analysis of the County's financial performance. This report is audited by an independent certified public accountant, and it forms the basis for a variety of other financial reporting required by the Commonwealth and the federal government. The conduct of the annual independent audit is

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managed through the Audit Steering Committee, comprising managers from the County and its component units.

The Commonwealth's Compensation Board reimburses a portion of the salary costs incident to this CAPS.

Beginning with FY 2002, the County will adopt a significantly different approach to financial reporting. In compliance with the pronouncements of the Governmental Accounting Standards Board, future reporting will use the accrual method of accounting and a greatly expanded array of schedules and data presentation. Thus, the approach to and presentation of financial information will be similar to that traditionally used for commercial entities. Preparation for converting to this new reporting model has been extensive and there is a continuing challenge to make the newly formatted reports as useful as their predecessors, especially during the early years of transition. There will be continued training requirements for contributors to the County's accounting programs and certain accounting system modifications to accumulate the required new information.

Over the past several years, greater use has been made of automation tools to accumulate and analyze financial information for reporting purposes. Through process redesign efforts the annual year-end close out process has been improved dramatically, providing users more timely access to data and a smoother transition to the new fiscal year.

Internal improvements to the report preparation process have significantly decreased staff overtime, reduced the cost of the external audit, and facilitated the timely management of audit issues.

The enormous task of implementing the new financial reporting model will continue through FY 2002. With the assistance of contractual expertise, we have been able to meet internal deadlines for the FY 2002 implementation of this model, while maintaining a high standard of service delivery for ongoing requirements and obligations.

► **Method of Service Provision**

Services are provided by County staff.

► **Performance/Workload Related Data**

Workload in this CAPS has increased steadily in recent years in response to statutory and regulatory calls for more and improved financial information. From FY 1999 to FY 2002, the number of financial statements or reports published by the Department has grown from 206 to 261. This 25 percent increase was achieved with no staffing increase through use of improved automation and in-house designed software solutions. In this CAPS staff also reviews reports prepared elsewhere in the County in support of grants, mandated program reporting, and financing opportunities. The actual number of reports increased 25 percent from 265 reports in FY 1999 to 332 reports in FY 2002, but the actual workload increase was somewhat higher because it involved start-up planning, data development and testing, and integrity assurance processes. Here, too, increases have been absorbed without staff growth or increased operating expenses other than normal inflation.

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► Mandate Information

This CAPS is Federally or State mandated. The percentage of this CAPS' resources utilized to satisfy the mandate is 76 - 100%. The specific Federal or State code and a brief description of the code follows:

- Code of Virginia 15.2-2511 Requirement for production of annual financial report.
- Code of Virginia 2.1-71 Filing of information by political subdivisions, inspection and publication of such information.
- Single Audit Act of 1996, Sec 7502(a)(1)(A) Requires audits and reports for recipients of federal grants.
- Code of Virginia 58.1-3127 Treasurer to maintain books of account and to make them available for inspection.
- Code of Virginia 15.2-2510 Requires comparative report of local government revenues and expenditures.
- OMB Circular A-133 Prescribes audits of local governments.