



December 8, 2023

The audit for James City County's fiscal year 2023 (FY2023) financial statements is pending. In accordance with Section 15.2-2510 of the *Code of Virginia*, a locality must submit their audited financial statements to the Auditor of Public Accounts by December 15 each year. Due to extenuating circumstances, the submission of the County's audited financial statements has been delayed.

The reasons for the delay are as follows:

- Several fiscal agencies whose financial information is included in the County's financial statements have new finance staff and fiscal year 2023 was their first audit with their respective organizations. The County is the fiscal agent for these entities, and this resulted in the County's finance staff having to provide a much higher level of assistance to these entities. The audits of these entities are still underway and because the agencies are custodial funds within the County's audited financial statements, the County cannot issue its financial statements without their audited figures.
- The County's Accountant positions were vacant during fiscal year 2023 and these positions are responsible for most of the schedules required for the audit. Also, in November 2023, the Assistant Director of Financial & Management Services submitted her resignation. This position is responsible for the preparation of the audited financial statements and supporting workpapers and for reviewing the audit schedules prepared by other staff. The combination of these factors left a substantial void in the workforce and created significant delays in our ability to submit information timely to the auditors.
- The County engaged a new audit firm for fiscal year 2023. Additional narratives, process documentation, and testing were required for the firm to gain an understanding of the County and its fiscal agencies' internal control environment and accounting and financial reporting processes, and staff had to adjust to a new firm's approach and requests for information.
- The implementation of GASB 96, *Subscription-Based Information Technology Arrangements* was a major undertaking as the County and its fiscal agencies had numerous agreements requiring an in-depth review to determine applicability with the new standard.

Staff are working diligently with the auditors to complete the fiscal year 2023 audits. The audits of the fiscal agencies are nearing completion and the County's audit is well underway. The County's audit is expected to be presented to the Board of Supervisors meeting on January 9, 2024.