

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

DATE: November 17, 2017

MEMORANDUM TO: Board of Supervisors
County of Middlesex
Saluda, Virginia

FROM: Robinson, Farmer, Cox Associates (RFC)

REGARDING: FY 17 Audit of County of Middlesex, Virginia

In planning and performing our audit of the financial statements of the County of Middlesex, Virginia for the year ended June 30, 2017, we considered the County's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal controls of the County.

However, during our audit, we noted certain matters that are opportunities for strengthening internal controls and operating efficiencies. Said matters are not deemed to be material weaknesses or significant deficiencies in internal control. Further, this letter does not affect our report dated November 17, 2017 on the financial statements of the County of Middlesex, Virginia.

We have already discussed these comments and recommendations with appropriate members of management and we will review the status of these comments during our next audit engagement.

FY17 FUND BALANCE AVAILABLE FOR APPROPRIATION IN FY18

The unassigned fund balance of the General Fund at the end of FY17 was approximately \$10.1 million. The County's overall operating budget less fund transfers is projected to be \$28.8 million for FY18. RFC recommends the Board set aside 20% (slightly less than 2.5 months of cash flow) of its operating budget as an operating reserve that would automatically be committed to ongoing expenditures for FY18. If the 20% scenario was adopted by the Board, \$5.8 million of the unassigned fund balance would be held as an operating reserve and \$4.3 million would be available for appropriation in FY18.

This report is intended solely for the information and use of the Board of Supervisors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specific parties.