



LSL GASB Update 2022

The New Normal: Adapt & Adjust

Thursday, April 21, 2022



GASB 87/96: Lease and SBITA Reporting

LSL Assurance Partner, Debbie Harper, CPA



Implementation Dates



GASB 87 – Lease Reporting

June 30, 2022



**GASB 96 – Software Based
Information Technology Agreements**

June 30, 2023

**Encourage early implementation with
GASB 87 – June 30, 2022**



What to consider?

- Completeness of population for your auditors
- Possible embedded leases
- Transition impacts of financials
- Allocation of contracts across funds/component units
- Discount rates
- SBITA early implementation
- Required disclosures



Foundation

- Lease Transaction
 - No more operating versus capital
- Lessee
 - Receives the legal right to use an underlying asset
 - Promises to make payments over time for the right to use that underlying asset
 - Therefore, the Lessee has financed the acquisition of that legal right
- Lessor
 - Receives payments over time, transferring the right to use that underlying asset



Objective

- Establish a single model for lease accounting based on the foundational principle that leases are financing the right to use an underlying asset
- Lessee is required to recognize the lease liability and the right to use lease asset
- Lessor is required to recognize the lease receivable and a deferred inflow of resources



Defined Leases



A contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time.



Nonfinancial asset examples:

Buildings

Land

Vehicles

Equipment





Defined SBITAs

- A contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT asset), as specified in the contract for a period of time
- **Must include both:**
 - The right to obtain the present service capacity from use of the underlying IT assets as specified in the contract
 - The right to determine the nature and manner of use of the underlying IT assets as specified in the contract
- Solely IT support services are excluded, but if IT support and right-to-use IT asset then it is included



Why encourage early implementation for GASB 96?

- Many of these agreements are being pulled and assessed for lease reporting
- Many of these assets will be recognized under GASB 87 and then restated when GASB 96 is adopted.
- Tangible capital assets alone fall under GASB 87
- IT software alone fall under GASB 96
- Combination of both, need to assess significance of software:
 - GASB 87 if software is insignificant
 - Otherwise GASB 96



Agreement Types

- Short-term – 12 months or less
 - Must include options to extend regardless of probability
 - Not recognized as a liability for Lease or SBITA
- Contracts that transfer ownership – no termination option
 - Accounted for as financed purchases of underlying asset
 - Bargain purchase options are NOT considered finance purchases
- All other agreement types
 - Recognized as a lease or SBITA liability and right-to-use-asset



Terms

“Noncancellable Period”

- The period during which a government has a noncancellable right to use the underlying asset, **plus** the following periods, if applicable:
 - Option to extend, IF reasonably certain TO exercise
 - Option to terminate, IF reasonably certain NOT TO exercise

“Cancellable Periods”

- If both parties have an option to terminate without permission from other party, or if both parties have to agree to extend.
 - These are excluded from terms
 - Examples – rolling month to month, or holdover period until new contract is entered into



Provisions

What if there is a cancellation option in a default provision?

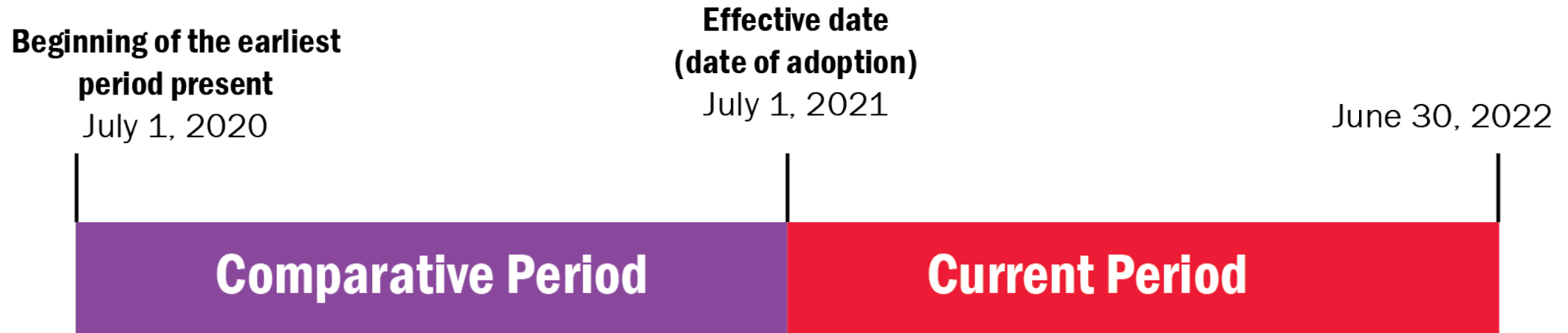
- DOES NOT COUNT AS A CANCELLATION PROVISION
- Example: Provision allow for termination of agreement as a result of either payment of all sums due or default on payments

What if there is a fiscal funding or cancellation clause?

- ONLY COUNTS IF REASONABLY CERTAIN TO BE EXERCISED
- Example: Provision allows a government to cancel on an annual basis if the government does not appropriate funds for payments.



Transition



Polling Question #1

If both parties have an option to terminate without permission from other party, or if both parties have to agree to extend, this is called:

- a) Noncancellable Period, include in term period
- b) Cancellable Period, exclude from term period
- c) Noncancellable Period, exclude from term period
- d) Cancellable Period, include from term period

Answer is (b) Cancellable Period, exclude from term period



Getting Ready for the Audit

- Completeness of Population
 - Rent Expense
 - Capital Lease
 - Construction agreements
 - Other contracts
- Have documentation of why something was not recognized
- Updated accounting policies
- Updated Inventory/Capital Asset Count – identifying any outstanding contracts



Challenges

- Embedded leases in existing contracts
- Contracts may not use the term “lease” or “rent”
- Perform high level evaluations of agreements/contracts for a right to control the use of an asset based on the contract



Embedded Leases



- Where to look?
 - Service agreements (IT services)
 - Advertising agreements
 - Transportation agreements
 - Construction agreements
 - Related party charges
 - Consider repeat payments being made monthly/quarterly



Financial Reporting – Recognition (start date)

- Recognize a liability and a right-to-use asset
 - Government takes possession of the asset or gains access to use the asset
 - This creates the obligation



Financial Reporting – Measurement

- Liability = Present Value of payments expected to be made during the term period
- Present Value
 - Interest rate charged (implicit interest rate)
 - Alternative – Estimated incremental borrowing rate is acceptable



GASB IG – 2019-3, Q4.61

- Discount Rate

Q—A contract conveys the right to use a building for 30 years and the attached parking garage for 15 years. There is no stated interest rate included in the lease agreement. Should the discount rate be separately assessed for each component?

A— Yes. Paragraph 65 of GASB Statement No. 87 requires that lease contracts involving multiple underlying assets be accounted for as separate lease components if the underlying assets have different lease terms. The reporting of two components instead of one may affect the discount rate implicit in the agreement.

In addition:

The estimated incremental borrowing rate may differ between the two components because of differences in the terms



Financial Reporting – Measurement of Payments

- Fixed payments
- Variable payments
 - Dependent on index/rate (such as CPI) – Use baseline and the current index/rate to measure the future payments
 - Dependent on future performance – don't estimate performance
 - Use minimum guarantee amounts
 - Variable payments that are fixed in substance and reliably measured
 - Purchase options/residual guarantees – include if reasonably certain those options will occur and are required
 - If termination exercise was included in term, then include any penalties for terminating the contract



Financial Reporting – Measurement of Asset

Asset amount

- Amount of initial measurement of the liability, plus any payments made at or before the commencement of the term and certain direct costs
- Include cost to place asset into service
- Include initial direct costs associated with lease
 - Structuring fees (legal and administrative costs)

Prepayments considerations

- If payments are made before the commencement of the terms, then they are reported as prepaids. Then reclassified as an addition to the right-to-use asset at the commencement.



Polling Question 2

True or False: A government 30-year bond rate can be used as an estimated incremental borrowing rate for a 5-year car lease?

- a) True
- b) False

False



SBITA Specific Considerations

- Stages of implementation
 - Activities associated with a SBITA – other than a government making subscription payments for right to use the IT asset – should be grouped into the following stages:
 - **Preliminary Project Stage:** conceptual formulation and evaluation of alternatives, determination of the needed technology, and final selection of alternatives.
 - **Initial Implementation Stage:** charges related to designing the chosen path (such as configuration, coding, testing, and installation). Other charges necessary to place the asset into service. This stage is completed when asset is placed into service.
 - **Operation and Additional Implementation Stage:** maintenance, troubleshooting, and other activities associated with ongoing access to the asset. Activities may include additional implementation activities, such as additional modules that occur after the asset is placed into service.



Data Conversion Consideration

- If a condition of use is placed on the asset, then it can be included in the initial implementation stage.
- Otherwise, data conversion should be considered an activity of the operation and additional implementation stage.



Accounting for Outlays

- **Preliminary project stage** – expensed as incurred
- **Initial implantation stage** – capitalized as part of subscription asset
- **Operation and additional implementation stage** – expensed as incurred, except:
 - Cost incurred as an increase in the functionality of the subscription asset (such as perform tasks it could not do previously)
 - Cost incurred as an increase in the efficiency of the subscription asset (such as an increase in the level of service provided by the subscription asset)
- **Training costs** – expensed as incurred, regardless of the stage in which they are incurred



Note Disclosures for SBITA

- A general description of its Agreement, including basis, terms, and conditions
- Variable payments not included in the measurement of liability, if any
- Amount of outflows of resources recognized in the reporting period not included in the liability (such as variable payments, termination penalties)
- Principal and interest requirements to maturity presented in 5 subsequent one-year increments, then five-year increments thereafter
- Components of any loss associated with impairments
- Commitments under SBITAs before the commencement of subscription



Example – Lessee

- Lease contract for equipment beginning July 1, 20X1 for 60 months
- Option to extend for 24 months; Gov't unsure on exercising option
- Lease may continue month-to-month at end of term
- Base payment \$1,000/month, includes 200 machine hours; \$5 per excess hour
- Additional \$80/month for repairs and maintenance
- Lease contract states 4% interest rate
- Separate \$1,500 contract for delivery and installation



Terms for Lessee Example

- Noncancellable period of lease is 60 months
- Gov't is not reasonably certain to exercise option to extend 24 months
 - Should NOT be included in lease term
- Potential month-to-month extensions
 - NOT included in lease term as not enforceable; either Gov't or Lessor can cancel
- Lease term = 60 months



Initial Asset & Liability of Example

- Base Payment = \$54,480
 - \$1,000/month, 60 months, Discounted at 4%
- Excess Use Charge = \$0
 - Variable based on future usage/performance EXCLUDED
- Repair & Maintenance = \$0
 - EXCLUDED unless not practical
- Delivery and Installation = \$1,500
 - Initial direct costs included in asset
- Initial Value of Leased Asset = \$55,980



Journal Entries for Lessee Example

Recording Initial Asset & Liability

Dr. Leased Asset	\$55,980	
Cr. Cash		\$1,500
Cr. Lease Liability		\$54,480

Recording First Lease Payment (7/1/20X1)

Dr. Lease Liability	\$1,000	
Cr. Cash		\$1,000



Journal Entries for Lessee Example

Recording Second Lease Payment (8/1/20X1)

Dr. Lease Liability	\$822	
Dr. Interest Expense	\$178	
Cr. Cash		\$1,000

Recording Amortization of Leased Asset (Straight Line \$55,980/60 Months = \$933/month)

Dr. Amortization	Expense	\$933	
Cr. Accumulated Amortization			\$933



Note Disclosures for Lessee

- A general description of its leasing arrangements, (the basis, terms, and conditions on which variable payments not included in the measurement of the lease liability are determined) and the existence, terms, and conditions of residual value guarantees provided by the lessee not included in the measurement of the lease liability
- The total amount of lease assets, and the related accumulated amortization, disclosed separately from other capital assets
- The amount of lease assets by major classes of underlying assets, disclosed separately from other capital assets
- The amount of outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the lease liability

Note Disclosures for Lessee (cont'd)

- The amount of outflows of resources recognized in the reporting period for other payments, such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability
- Principal and interest requirements to maturity, presented separately, for the lease liability for each of the five subsequent fiscal years and in five-year increments thereafter
- Commitments under leases before the commencement of the lease term
- The components of any loss associated with an impairment (the impairment loss and any related change in the lease liability).

Lessor Considerations

- Lease Receivable
 - Present Value of future lease payment
 - (fixed payments, variable payments that depend on index/rate,
 - variable payments that are fixed in substance)
 - Symmetrical with lease liability



Financial Reporting – Lessor Measurement

Deferred Inflow of Resources

- Corresponds to lease receivable

Underlying Asset

- Lessor should NOT derecognize the asset underlying the lease
- Normally account for depreciation and impairments
- ***NOTE:** if the lease contract requires the lessee to return the asset in its original or enhanced condition, no depreciation should take place during the lease term



Example - Lessor

- Base Payment = \$54,480
 - \$1,000/month X 60 months X Discounted at 4%
- Excess Use Charge = \$0
 - Variable based on future usage/performance EXCLUDED
- Repair & Maintenance = \$0
 - EXCLUDED unless not practical
- Initial Value of Lease Receivable = \$54,480



Journal Entries for Lessor Example

Recording Initial Receivable & Deferred Inflow

Dr. Lease Receivable	\$54,480	
Dr. Cash	\$1,500	
Cr. Deferred Inflow		\$54,480
Cr. Lease Revenue		\$1,500

Recording First Lease Payment (7/1/20X1)

Dr. Cash	\$1,000	
Cr. Lease Receivable		\$1,000



Journal Entries for Lessor Example

Recording Second Lease Payment (8/1/20X1)

Dr. Cash	\$1,000	
Cr. Lease Receivable		\$822
Cr. Interest Revenue		\$178

Recording Amortization of Deferred Inflow (Straight Line \$54,480/60 Months = \$908/month)

Dr. Deferred Inflows	\$908	
Cr. Lease Amortization Revenue		\$908



Note Disclosures – Lessor

- General Description of Lease Arrangement
 - (can combine like agreements)
 - Variable payments
 - Residual Value guarantees, not included in liability
- Total amount of Revenues (Lease, Interest, Other)
- Revenues recognized in the reporting period not previously included in receivable
- Existence, terms, conditions of options by the lessee to terminate the lease
- Or existence of debt issued secured by lease payments



Note Disclosures – Lessor

- Leases of assets that are investments, if any
- Certain regulated leases, if any
- Sublease transactions, if any
- Sale-leaseback transaction, if any
- Lease-leaseback transaction if any
- Lease schedule of future payments (principal and interest)
 - Five subsequent fiscal years
 - Five-year increments thereafter



Polling Question 3

True or False: Similar lease or SBITA note disclosures can be grouped together in the government financial statement note disclosures?

- a) True
- b) False

True



Questions for Debbie?

Thank you!

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10 MINUTE BREAK

The next presentation will begin
promptly at 10:20 am





GASB 94/97

LSL Assurance Partner, Ryan Domino, CPA



GASB 94: PPP's and APA's



What are we talking about?



- Public-Public Partnerships (**PPP**)
- Public-Private Partnerships (**PPP**)
- Service Concession Arrangements (**SCA**)
 - Now folded into the PPP umbrella
- Availability Payment Arrangements (**APA**)
- How to account for them
- What to disclose



Foundation

Definition: **PPP** is an arrangement in which the government (the transferor) contracts with an operator (may be public or private) to provide public services by conveying control of the right to use an underlying capital asset for a period of time in an exchange or exchange-like transaction.

Definition: **APA** is an arrangement in which the government compensates an operator for activities including designing, constructing, financing, maintaining, or operating a capital asset for a period of time in an exchange or exchange-like transaction.



Foundation

Example PPP: *City owns capital assets associated with providing water. A private water company pays the government \$50M for the right to operate the City's water services for residents for 10 years in exchange for all rights to water service charges levied on residents during the term.*

Example APA: *Land developer enters into an agreement to build, operate, and maintain low- and very-low income housing for a City for 50 years. Property management company will collect all rents and remit them back to the City, while City will front cash for development of housing and pay a management fee to the Company each month to subsidize costs of collecting rents and maintaining property.*



3 Types of PPP's

1. Underlying asset is owned by government (transferor) and will be improved by operator. **(Type I)**
2. Underlying asset will be new purchase or construction by operator and meets criteria of a SCA. **(Type II)**
3. Underlying asset will be new purchase or construction by operator and does not meet criteria of SCA. **(Type III)**



SCA Criteria

- Government conveys the operator the right and related obligation to provide public services through the use of the capital asset in exchange for significant consideration.
- Operator is compensated by third parties.
- Government retains right or ability to modify or approve services provided by the operator and prices they may charge for the services.
- Government is entitled to significant residual interest in the underlying asset at end of arrangement.



Polling Question #4

True or False: GASB 94 fully supersedes GASB 60.

True



Recognition and Measurement – Transferors

- Type I
 - A receivable for installment payments (present value of PPP payments expected during term)
 - Deferred inflow of resources (receivable + prepayments + any improvements to the asset)



Recognition and Measurement – Transferors

- Type II
 - The asset to be purchased or constructed when placed into service (acquisition value)
 - A receivable for installment payments (present value of PPP payments expected during term)
 - Deferred inflow of resources (receivable + asset + improvements)



Recognition and Measurement – Transferors

- Type III
 - A receivable for the asset to be purchased or constructed (estimated carrying value of asset at date of transfer of ownership)
 - A receivable for installment payments (present value of PPP payments expected during term)
 - Deferred inflow of resources (receivables + improvements)



Recognition and Measurement – Transferors

- Fund Level Statements
 - You will present a deferred inflow of resources and the receivable in the governmental fund financial statements.
 - Asset and deferrals are to be depreciated/amortized in a rational, consistent manner.
 - Asset in accordance with depreciation policy
 - Deferral in a reasonable method (e.g. straight line)
 - Receivable is eliminated as payments are received. ***Note that it will not match the deferred inflow amortization!**



Recognition and Measurement – Transferors

- Note Disclosures
 - General description of PPP arrangement
 - Nature and amounts of underlying assets and deferred inflows
 - Discount rate applied to measurement of receivable
 - Amount of deferred inflows recognized during period
 - Nature and extent of rights retained by the transferor or granted to the operator
 - Any provisions for guarantees or commitments



Recognition and Measurement – Operators

- Type I and Type II
 - A liability for the installment payments (present value of future estimated installment payments to be made)
 - An intangible, right-to-use assets (valued at liability + costs associated with putting asset into service)



Recognition and Measurement – Operators

- Type III
 - A liability for the underlying PPP asset to be transferred (at estimated carrying value of the PPP asset at transfer date)
 - A liability for the installment payments (present value of future estimated installment payments to be made)
 - A deferred outflow of resources (estimated carrying value of PPP asset at transfer date, amortized over life of term)



Recognition and Measurement – Operators

- Fund Level Statements
 - Only recognize expenditure and other financing source for period in which the PPP is initially recognized.
 - Treat consistent with treatment for long-term debt payments



Recognition and Measurement – Operators

- Note Disclosures
 - General description of PPP arrangement
 - Nature and amounts of underlying assets, liabilities and deferred outflows
 - Discount rate applied to measurement of receivable
 - Principal and interest to maturity (just like debt) on installment payments
 - Amount of deferred outflows recognized during period
 - Nature and extent of rights granted to operator or retained by transferor
 - Components of any impairment loss
 - **Separate note from debt – does not meet GASB 88 criteria**
 - Commitments or guarantees



Implementation Dates



GASB 94 – PPP's & APA's

Effective FYE June 30, 2023



Polling Question #5

True or False: PPP stands for both public-public partnership and public-private partnership.

True



GASB 97: More Component Unit Stuff & IRC 457



What are we talking about?



- Clarifies component unit criteria for legally separate entities that don't have governing boards
- Clarifies the financial burden criterion in GASB 84
- Clarifies how to account for IRC 457 Plans



Absence of a Governing Board - SIMPLE

- Some legally separate entities don't have governing boards at all.
- GASB simplified the understanding.
- If the primary government performs the duties a governing board typically would, it should be treated as if the primary government appoints most of the board.



Financial Burden Criterion – CRISIS AVERTED

- There was concern among stakeholders that if the GASB redefined an IRC 457 Plan, they'd come after the 401(a)'s, 401(k)'s, and 403(b)'s of the world next, and make life harder for accountants, by requiring them to be reported in the basic financial statements.
- GASB eased concerns by stating that only defined benefit pension and OPEB plans meeting GASB 67 and 74 criteria are applicable.



IRC 457 Plans – REDEFINED

- Depending on terms (employer contributions), some IRC 457 Plans meet GASB 67 or 74 criteria and will need to be presented as a Pension (or Other Employee Benefit) Trust Fund.
- If an IRC 457 Plan meets the definition of a pension plan, all reporting requirements under GASB 68 must be presented.
- GASB 32 is fully superseded.



IRC 457 Plans – Pension/OPEB Criteria

- Provides retirement income, death benefits, life insurance, and disability benefits
- Either *defined benefit* or *defined contribution*



IRC 457 Plans – GASB 67/74 Criteria

- Defined benefit or defined contribution plan
- Administered through trust or equivalent arrangement
- Contributions by employers to plan and earnings on said contributions are irrevocable
- Plan assets are dedicated to providing benefits to plan members in accordance with terms
- Plan assets are legally protected from all creditors



IRC 457 Plans – Reporting

- IRC 457 Plans meeting pension criteria and are held in a trust are reported as Pension (and Other Employee Benefit) Trust fund.
- IRC 457 Plans not meeting pension criteria are solely employee contributions, and the government must consider if they had control of assets during transaction.



Polling Question #6

True or False: IRC 457 Plans can be either defined contribution or defined benefit.

True



Implementation Dates



GASB 97

Effective FYE June 30, **2022**



Questions for Ryan?

Thank you!

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Common Audit Prep Problems & How to Solve Them

**LSL Managing Partner, Bryan Gruber, CPA &
Technology Partner, Gail Gray, CPA**



It's that time again... Audit Season



- You may be thinking:
 - We don't have the resources to handle our day to day and get ready for audit as a result of retirements, turnover, and vacant positions.
 - We don't have the time to handle new GASB standards like GASB 87.
 - Year-end closing and audit preparation take too long and take up too much time.
 - What did we miss that the auditors will inevitably catch?



Polling Question #7

What is your biggest challenge in getting ready for audit?

- a) Lack of resources
- b) New GASBs
- c) Outdated processes and technology
- d) Other

Lack of Resources



- Reduce time spent on year-end closing
 - Monthly closing procedures that help with year-end
 - Year-end closing checklist and timeline
 - Leverage technology
 - Embrace process improvement mindset



New Standard, New Work

- Ease impact on changes in audit preparation by new standards
 - Talk to auditors early, ask questions and review work. Participate in training.
 - Opportunity to outsource work?



Never Ending Closing Process



- Get ready for audit quicker
 - Get organized in advance on items needed to close. Who does what and what do we need to complete
 - Meet with team for a post close recap to improve process
 - Know items that cause delay
 - Communicate early with vendors and others to get information in early
 - Delegate and assign where possible
 - Consider estimating



Common things auditors find and recommend with internal controls



- Lack of documentation of internal controls and processes
- Monthly reconciliation of all balance sheet accounts
- Enhanced monitoring controls:
 - Documentation of managements review
 - Budget / actual analysis
 - Current year / prior year analysis
 - Ratio analysis and other analytics
 - Risk assessment
 - Surprise audit
 - Monitoring offsite locations and high-risk areas



Common things auditors find and recommend with internal controls (cont'd)



- Manual processes
- System access controls
- Timely and complete information and reporting to Board, Management, and Departments on regular basis throughout year



Common things auditors find at Year-end



- General checking cash reconciled but not 100% of cash and cash G/L accounts are reconciled
- Interfund transfers, due to/from, and advances not reconciled
- Errors in posting to fund balance
- Accruals for AP and AR missed
- Reconciliation of grant revenue/expense and accruals and deferrals
- Reconciliation of balance sheet accounts such as deposits payable and loans receivable



Common things auditors find at Year-end (cont'd)



- Negative balances in G/L
- Reclassification of short-term / long-term debt
- Interest accruals for debt
- Classification of fund balance
- Capital asset additions/deletions/depreciation errors



Modern problems require modern solutions

- Software solutions are available
 - **Excel with detailed pivot tables**
 - **Power BI and Power Automate** – Used for anyone who needs dashboards and data visualization or to integrate software with Microsoft Products
 - **CCH Engagement** - Used by other audit firms
 - **CaseWare** - Used by the LSL audit team and many other auditing firms
- *The solution should allow for the entire team to work together remotely*



Advantages of using a Specialized Software over Excel

- Interactive database is much more navigable and manageable than massive pivot tables
- Utilizing features like groupings will automatically provide subtotals that will tie to the financial statements from the individual g/l accounts
- More checks and balances in the system eliminates more of the risk of calculation errors in an excel file

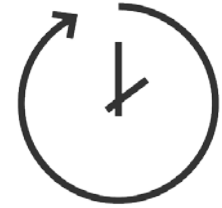


Reporting more Frequently and Efficiently is a key to better management and audits

- With ongoing monitoring of balances throughout the year, you will have a clearer understanding of where your organization is financially
- Department heads will be able to adjust their spending timely allowing for a higher level of budget compliance



Timely cash reconciliations are critical



- Reconcile all cash accounts monthly
- Reconcile all pooled cash balances together not just the pooled cash fund
- Document controls and procedures



Cash reconciliation workflows

Document Manager

lame

Reviewed with changes

Old Version of review

Latest Update-Give to auditors

Docs used by UP

ACFR Template docs

Stats

Docs provided by UP

Workpaper Binder

GG-1 Expense general governments

Deposits and Investments Note IVa

DI-1 Deposits and Investments

DI-2 Local Government Investme

DI-3 US Bank Investment stateme

DI-4 Rating report fro Time Value

DJ-0 Bank Statement_BofA_Check

DJ-1 Petty Cash

DI-7 Cash Reconciliation

DJ-9 CASH & INVESTMENTS REPO

DI-8 Email from Peter Becker re G

DI-9 GASB Levels US Bank

Interfund Transfers

A/R & Due From

Fixed Assets

Accounts Payables

Unearned Revenue Note I E8

Construction Commitments and encumbr

Retainage Payable

Comp Absences

Debt Workpapers

GASB 68 Note Current year docs

Deferred Inflows/Outflows

Net Position/Fund Balance

Revenue Workpapers

Grants

Note 5 Other information

Risk Management Note VI D

GASB 77 - Tax abatement disclosures Note

Budget Documents

Account No: 1.1.?.1010 To 1.1.?.1020

WB

3/9/2022

KG

3/9/2022

Account	Prelim	Adj's	Rep	Annotation	Rep 12/20	Amount Chg	%Chg
1.1.1.1010 GOV Cash, equity in pooled cash	36,665,917.00	404,705.00	37,070,622.00		27,195,398.49	9,875,223.51	36
001-000-111-010-000 001 CASH	14,439,879.00	9,421.00	14,449,300.00		7,759,132.91	6,690,167.09	86
001-000-111-070-000 001 PETTY CASH	1,200.00	0.00	1,200.00	DJ-1	1,200.00	0.00	0
104-000-111-010-000 104 CASH	0.00	0.00	0.00		145,416.22	(145,416.22)	(100)
107-000-111-010-000 107 CASH	0.00	0.00	0.00		(10,847.48)	10,847.48	(100)
109-000-111-010-000 109 CASH	6,574,920.00	0.00	6,574,920.00		5,447,071.60	1,127,848.40	21
188-000-111-010-000 188 CASH	2,286,824.00	0.00	2,286,824.00		1,235,491.26	1,051,332.74	85
102-000-111-010-000 102 CASH	0.00	0.00	0.00		139,362.79	(139,362.79)	(100)
103-000-111-010-000 103 CASH	2,884,726.00	89,717.00	2,974,443.00		1,845,501.32	1,128,941.68	61
105-000-111-010-000 105 CASH	245,467.00	0.00	245,467.00		164,704.20	80,762.80	49
302-000-111-010-000 302 CASH	4,499,138.00	316,517.00	4,815,655.00		5,884,611.20	(1,068,956.20)	(18)
201-000-111-010-000 201 CASH	239,364.00	0.00	239,364.00		240,064.07	(700.07)	0
303-000-111-010-000 303 CASH	62,166.00	0.00	62,166.00		3,549.29	58,616.71	1652
301-000-111-010-000 301 CASH	2,325,154.00	0.00	2,325,154.00		1,817,633.11	507,520.89	28
101-000-111-010-000 101 CASH	2,622,999.00	0.00	2,622,999.00		2,243,709.15	379,289.85	17
150-000-111-010-000 150 CASH	21,433.00	0.00	21,433.00		22,598.31	(1,165.31)	(5)
501-000-111-010-000 501 CASH	57,266.00	(10,950.00)	46,316.00		23,899.42	22,416.58	94
502-000-111-010-000 502 CASH	93,779.00	0.00	93,779.00		102,239.04	(8,460.04)	(8)
505-000-111-010-000 505 CASH	311,602.00	0.00	311,602.00		130,062.08	181,539.92	140
Governmental Type Activities	36,665,917.00	404,705.00	37,070,622.00		27,195,398.49	9,875,223.51	36
1.1.2.1010 BUS-Cash, equity in pooled cash	4,791,414.00	(404,705.00)	4,386,709.00		4,076,661.30	310,047.70	8
401-000-111-010-000 401 CASH	4,791,414.00	(404,705.00)	4,386,709.00		4,076,661.30	310,047.70	8
Business Type Activities	4,791,414.00	(404,705.00)	4,386,709.00		4,076,661.30	310,047.70	8
	41,457,331.00	0.00	41,457,331.00	DI-5 DI-7	31,272,059.79	10,185,271.21	33



Polling Question #8

- The advantage of Reconciling cash timely are which of the following
 - A – Will have more money to spend
 - B – Will be able to find errors from Credit card company
 - C – Will provide high level of confidence in Cash balance
 - D – B and C

Answer is **D – B & C**

“Pre-Audit” Method vs. SALY Method

- When you are tempted to do things, “Same as Last Year” (SALY), reflect on exactly how last year went.
 - How long did it take?
 - How much did you go back and forth with your auditors on documentation and correction?
 - Were there any unforeseen costs?
- Consider the advantage of pre-auditing with a specialized software:
 - Sharing a single workpaper file with your auditors gives them everything they need in one place, increasing efficiency, and organization.



If you take the time to do the work
throughout the year, your audit will go
much smoother



- There would be a lot less stress at audit time
- Confidence in your numbers
- Less auditor changes
- Let's take a look at a Trial balance comparing current year to prior year that makes it easier to see variances



Review all accounts with variance

Year End: December 31, 2021

Analytical review

Threshold Amount: 10000.00 Or Threshold %: 10.00

Account	Rep	Rep 12/20	Amount Chg	%Chg	Annotation
⊕ 1.01.100 Cash and equivalents	2,622,999.12	2,243,709.15	379,289.97	16.90	
⊕ 1.01.200.05 Miscellaneous receivables	51,951.97	35,421.45	16,530.52	46.67	
⊖ 101-000-134-010-001 101 DUE FROM PIERCE COUN	90,395.97	33,531.43	56,864.54	169.59	
101-000-134-010-002 101 DUE FROM STATE	122,999.09	101,643.64	21,355.45	21.01	
1.01.405.01 Due from other government units	213,395.06	135,175.07	78,219.99	57.87	
⊕ 2.01.200.10 Accounts payable	(3,399.00)	0.00	(3,399.00)	100.00	
⊕ 2.01.200.20 Vouchers payable	(54,737.94)	(30,468.26)	(24,269.68)	79.66	
⊕ 2.01.205 Accrued salaries and wages	(38.81)	(57.32)	18.51	(32.29)	
⊕ 3.02.150.02 TIRI period adjustment	(49,056.49)	120,039.50	(169,095.99)	(140.87)	
⊕ 3.02.150.03 TIRI Beginning fund balance	(2,377,451.09)	(1,242,270.68)	(1,135,180.41)	91.38	
⊕ 3.05.100 Budgetary	0.00	0.00	0.00	0.00	
⊕ 4.01.405.01 Utility taxes	(169,326.19)	0.00	(169,326.19)	100.00	
⊕ 4.01.405.07 TBD taxes	(520,460.84)	(890,208.74)	369,747.90	(41.53)	
⊕ 4.01.410 Licenses and permits	(513,890.67)	(470,766.00)	(43,124.67)	9.16	
⊕ 4.01.415.04 State Shared Revenues and Entitle	(616,060.64)	(380,803.71)	(235,256.93)	61.78	
⊕ 4.01.420.06 Other revenues	(19,556.41)	(15,634.04)	(3,922.37)	25.09	
⊕ 5.01.600 Capital outlay	18,957.75	7,693.00	11,264.75	146.43	



Workflow and sign-offs are important

- Using a tool **designed by auditors for auditors** will give you the advantage your looking for
- Placing all your documents the auditor requested on the document manager
- Cross referencing the support to your work papers allows you confidence that both are accurate
- Documenting review procedures provides controls your needing



Document your workflow procedures

Name	Due Date	Completed by	Reviewed by	Final Review	Delivered Date	Tags	Viewer	Modified
A/R & Due From								
AR/DT-1 Receivables fund report codes		KG 03/11/2022	KG 03/11/2022			<input type="checkbox"/>	<input checked="" type="checkbox"/>	
AR/DT-2 Due from other Governments GW codes				GG 03/10/2022		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
AR/DT-3 Grants GW codes		KG 03/11/2022	KG 03/11/2022			<input type="checkbox"/>	<input checked="" type="checkbox"/>	
AR/DT-4 Due from/AR reconciliation		KG 03/11/2022	KG 03/11/2022			<input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	3/11/2022 4:14:42 PM
AR/DT-5 Due from other Governments fund codes						<input type="checkbox"/>	<input checked="" type="checkbox"/>	
AR/DT-6 Accounts Receivables GW report codes		KG 03/11/2022	KG 03/11/2022			<input type="checkbox"/>	<input checked="" type="checkbox"/>	
AR/DT-7 Pierce County Property Tax/Special assessment				GG 03/10/2022		<input type="checkbox"/>	External <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	3/10/2022 9:52:48 PM
AR/DT-8 Parks Impact Fee Deferral		WB 03/09/2022				<input type="checkbox"/>	External <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	3/8/2022 10:08:52 PM
AR/DU-0 TIF 5 year deferrals		WB 03/09/2022				<input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	3/8/2022 10:12:38 PM
AR/DU-1 TIF Deferral GL		WB 03/09/2022				<input type="checkbox"/>	External <input checked="" type="checkbox"/> <input type="checkbox"/>	3/8/2022 10:12:52 PM
Fixed Assets								
CA-1 Capital Assets - Gov Wide						<input type="checkbox"/>	<input checked="" type="checkbox"/>	
CA-2 Depr Exp - Gov Wide Fund 925						<input type="checkbox"/>	<input checked="" type="checkbox"/>	
CA-3 Depr Exp - Internal Service Funds						<input type="checkbox"/>	<input checked="" type="checkbox"/>	
CB-4 Depr Exp - SWMN						<input type="checkbox"/>	<input checked="" type="checkbox"/>	
CAB-1 Capital Assets -Business Type						<input type="checkbox"/>	<input checked="" type="checkbox"/>	
DPR-1 Depr Exp - All funds Note C						<input type="checkbox"/>	<input checked="" type="checkbox"/>	
DPR-2 Land_2021		KG 03/11/2022	KG 03/11/2022	GG 03/12/2022		<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	3/11/2022 7:32:58 PM
DPR-3 Easement 2021		GG 03/12/2022	GG 03/12/2022	GG 03/12/2022		<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	3/14/2022 4:46:04 PM
DPR-4 CIP_2021		GG 03/12/2022	GG 03/12/2022	GG 03/12/2022		<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	3/14/2022 5:00:36 PM
DPR-5 Bldg & Imp_2021		GG 03/12/2022	GG 03/12/2022	GG 03/12/2022		<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	3/12/2022 6:19:28 PM
DPR-6 Infrastructure_2021		GG 03/12/2022	GG 03/12/2022	GG 03/12/2022		<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	3/12/2022 7:16:42 PM
DPR-7 Equipment_2021						<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	3/14/2022 4:45:50 PM
DPR-8 Additions_2021						<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	3/29/2022 7:57:51 PM
DPR-9 Disposals_2021						<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	3/12/2022 7:43:48 PM
GG-6 GW-TB3_capitalization corrections						<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/>	3/12/2022 5:51:32 PM
Invoices for Fixed assets purchased in current year								



Lead sheets that tie to support

Account	Prelim12/21	Adj's12/21	Rep 12/21	OB Adj's12/21	OB Bal12/21	Annotation	Rep 12/20	OB	Amount Chg	%Chg
1.3.1.1000.111 GOV Land	21,552,870.00	0.00	21,552,870.00	0.00	21,552,870.00		21,552,870.00	0.00	0	
925-000-171-000-010 925 LAND	21,552,870.00	0.00	21,552,870.00	0.00	21,552,870.00	✓ DPR-2	21,552,870.00	0.00	0	
CONVERSION FUNDS	21,552,870.00	0.00	21,552,870.00	0.00	21,552,870.00		21,552,870.00	0.00	0	
1.3.1.1000.112 GOV CIP	2,353,579.06	1,111,179.00	3,464,758.06	0.00	3,464,758.06		2,353,579.06	1,111,179.00	47	
925-000-000-100-112 925 CONSTRUCTION IN PROGRE	2,353,579.06	1,111,179.00	3,464,758.06	0.00	3,464,758.06	✓ DPR-4	2,353,579.06	1,111,179.00	47	
CONVERSION FUNDS	2,353,579.06	1,111,179.00	3,464,758.06	0.00	3,464,758.06		2,353,579.06	1,111,179.00	47	
1.3.1.1000.113 GOV Easements	3,203,141.49	111,150.00	3,314,291.49	0.00	3,314,291.49		3,203,141.49	111,150.00	3	
925-000-171-000-050 925 EASEMENTS	3,203,141.49	111,150.00	3,314,291.49	0.00	3,314,291.49	✓ DPR-3	3,203,141.49	111,150.00	3	
CONVERSION FUNDS	3,203,141.49	111,150.00	3,314,291.49	0.00	3,314,291.49		3,203,141.49	111,150.00	3	
1.3.1.2000.111 GOV Buildings	44,698,253.46	0.00	44,698,253.46	0.00	44,698,253.46		44,698,253.46	0.00	0	
925-000-173-000-010 925 BUILDINGS	44,698,253.46	0.00	44,698,253.46	0.00	44,698,253.46	✓ DPR-5	44,698,253.46	0.00	0	
CONVERSION FUNDS	44,698,253.46	0.00	44,698,253.46	0.00	44,698,253.46		44,698,253.46	0.00	0	
1.3.1.2000.112 GOV Infrastructure	194,785,337.81	1,041,936.55	195,827,274.36	0.00	195,827,274.36		194,785,337.81	1,041,936.55	1	
925-000-178-000-010 925 INFRASTRUCTURE	194,785,337.81	1,041,936.55	195,827,274.36	0.00	195,827,274.36	✓ DPR-6	194,785,337.81	1,041,936.55	1	
CONVERSION FUNDS	194,785,337.81	1,041,936.55	195,827,274.36	0.00	195,827,274.36		194,785,337.81	1,041,936.55	1	
1.3.1.2000.113 GOV Equipment and software	4,529,961.50	(23,547.29)	4,506,414.21	0.00	4,506,414.21		4,529,961.50	(23,547.29)	(1)	
501-000-181-010-000 501 EQUIPMENT	933,473.89	(29,629.36)	903,844.53	0.00	903,844.53	✓ DPR-7	933,473.89	(29,629.36)	(3)	
502-000-181-010-000 502 EQUIPMENT	846,034.56	(0.14)	846,034.42	0.00	846,034.42	✓ DPR-7	846,034.56	(0.14)	0	
505-000-181-010-000 505 EQUIPMENT	43,104.99	0.01	43,105.00	0.00	43,105.00	✓ DPR-7	43,104.99	0.01	0	
506-000-181-010-000 506 EQUIPMENT	10,042.92	0.06	10,042.98	0.00	10,042.98	✓ DPR-7	10,042.92	0.06	0	
Internal Service Funds	1,832,656.36	(29,629.43)	1,803,026.93	0.00	1,803,026.93		1,832,656.36	(29,629.43)	(2)	
925-000-181-000-010 925 EQUIPMENT	2,697,305.14	6,082.14	2,703,387.28	0.00	2,703,387.28	✓ DPR-7	2,697,305.14	6,082.14	0	
CONVERSION FUNDS	2,697,305.14	6,082.14	2,703,387.28	0.00	2,703,387.28		2,697,305.14	6,082.14	0	

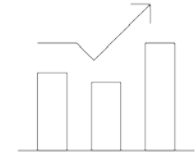


Long Term Debt

Account	Prelim	Adj's	Rep	OB Adj's	OB Bal	Annotation	Rep 12/19	Amount Chg	%Chg
GOV2100 GOV - Due Within One Year	(492,227.63)	(181,249.50)	(673,477.13)	0.00	(673,477.13)		(1,429,944.00)	756,466.87	(53)
<div> <div>GOV2100.05 GOV - Due within one year - GO Bonds</div> <div> <div>519-000-26387-000-1000-0000-00 519 DUE TO OTHER GOV-LOCAL SHORT TI</div> <div>528-000-23510-000-1000-0000-00 528 CURRENT G.O.BONDS PAYABLE</div> <div>Internal Service Funds</div> <div>950-000-23510-000-1000-0000-00 950 CURRENT G.O.BONDS PAYABLE</div> <div>Governmental Activites Gov Wide Funds</div> </div> </div>	<div> <div>(474,999.98)</div> <div>0.00</div> <div>(175,000.00)</div> <div>(175,000.00)</div> <div>(299,999.98)</div> <div>(299,999.98)</div> </div>	<div> <div>(91,040.27)</div> <div>(91,040.27)</div> <div>0.00</div> <div>(91,040.27)</div> <div>0.00</div> <div>0.00</div> </div>	<div> <div>(566,040.25)</div> <div>(91,040.27)</div> <div>(175,000.00)</div> <div>(266,040.27)</div> <div>(299,999.98)</div> <div>(299,999.98)</div> </div>	<div> <div>0.00</div> <div>0.00</div> <div>0.00</div> <div>0.00</div> <div>0.00</div> <div>0.00</div> </div>	<div> <div>(566,040.25)</div> <div>(91,040.27)</div> <div>(175,000.00)</div> <div>(266,040.27)</div> <div>(299,999.98)</div> <div>(299,999.98)</div> </div>	<div> <div>✓ LOCAL FIRE</div> <div>✓ BOND12</div> <div>✓ BOND15</div> </div>	<div> <div>(1,125,833.00)</div> <div>0.00</div> <div>(830,000.00)</div> <div>(830,000.00)</div> <div>(295,833.00)</div> <div>(295,833.00)</div> </div>	<div> <div>559,792.75</div> <div>(91,040.27)</div> <div>655,000.00</div> <div>563,959.73</div> <div>(4,166.98)</div> <div>(4,166.98)</div> </div>	<div> <div>(50)</div> <div>0</div> <div>(79)</div> <div>(68)</div> <div>1</div> <div>1</div> </div>
GOV2100.10 GOV - Due within one year - Capital Leases	(353.94)	(90,209.23)	(90,563.17)	0.00	(90,563.17)		(290,625.00)	200,061.83	(69)
GOV2100.15 GOV - Due within one year - Comp Abs	(16,873.71)	0.00	(16,873.71)	0.00	(16,873.71)		(13,486.00)	(3,387.71)	25
GOV2102 GOV - Due in More Than One Year	(6,383,677.66)	224,121.56	(6,159,556.10)	0.00	(6,159,556.10)		(4,808,055.00)	(1,351,501.10)	28
<div> <div>GOV2102.05 GOV - Due more than one year - GO Bonds</div> <div> <div>519-000-26385-000-1000-0000-00 519 DUE TO OTHER GOV-LOCA</div> <div>528-000-25111-000-1000-0000-00 528 LT GO DEBT - NO VOTE REQUIRED</div> <div>Internal Service Funds</div> <div>950-000-25115-000-1000-0000-00 950 GO BOND-ADV REFUND-DEFEASANCE</div> <div>Governmental Activites Gov Wide Funds</div> </div> </div>	<div> <div>(3,672,914.02)</div> <div>(1,634,580.79)</div> <div>(355,000.00)</div> <div>(1,989,580.79)</div> <div>(1,683,333.23)</div> <div>(1,683,333.23)</div> </div>	<div> <div>91,040.27</div> <div>91,040.27</div> <div>0.00</div> <div>91,040.27</div> <div>0.00</div> <div>0.00</div> </div>	<div> <div>(3,581,873.75)</div> <div>(1,543,540.52)</div> <div>(355,000.00)</div> <div>(1,898,540.52)</div> <div>(1,683,333.23)</div> <div>(1,683,333.23)</div> </div>	<div> <div>0.00</div> <div>0.00</div> <div>0.00</div> <div>0.00</div> <div>0.00</div> <div>0.00</div> </div>	<div> <div>(3,581,873.75)</div> <div>(1,543,540.52)</div> <div>(355,000.00)</div> <div>(1,898,540.52)</div> <div>(1,683,333.23)</div> <div>(1,683,333.23)</div> </div>	<div> <div>8 LOCAL FIRE</div> <div>9 BOND12</div> <div>10 BOND15</div> </div>	<div> <div>(2,513,333.00)</div> <div>0.00</div> <div>(530,000.00)</div> <div>(530,000.00)</div> <div>(1,983,333.00)</div> <div>(1,983,333.00)</div> </div>	<div> <div>(1,068,540.75)</div> <div>(1,543,540.52)</div> <div>175,000.00</div> <div>(1,368,540.52)</div> <div>299,999.77</div> <div>299,999.77</div> </div>	<div> <div>43</div> <div>0</div> <div>(33)</div> <div>258</div> <div>(15)</div> <div>(15)</div> </div>
GOV2102.10 GOV - Due more than one year - Capital Leases	(121,214.25)	90,563.17	(30,651.08)	0.00	(30,651.08)		(121,214.00)	90,562.92	(75)
GOV2102.15 GOV - Due more than one year - Comp Abs	(2,023,842.61)	0.00	(2,023,842.61)	0.00	(2,023,842.61)		(1,988,024.00)	(35,818.61)	2
GOV2102.20 GOV Due more than one year premiums(discounts)	(565,706.78)	42,518.12	(523,188.66)	0.00	(523,188.66)		(185,484.00)	(337,704.66)	182
<div> <div>GOV2103 GOV - Net Pension Liability</div> <div> <div>517-000-26400-000-1000-0000-00 517 PENSION OBLIGATIONS (NET)</div> <div>519-000-26400-000-1000-0000-00 519 PENSION OBLIGATIONS (NET)</div> </div> </div>	<div> <div>(2,324,743.34)</div> <div>(177,593.01)</div> <div>(114,492.38)</div> </div>	<div> <div>(1,529.00)</div> <div>0.00</div> <div>0.00</div> </div>	<div> <div>(2,326,272.34)</div> <div>(177,593.01)</div> <div>(114,492.38)</div> </div>	<div> <div>0.00</div> <div>0.00</div> <div>0.00</div> </div>	<div> <div>(2,326,272.34)</div> <div>(177,593.01)</div> <div>(114,492.38)</div> </div>	<div> <div>21</div> <div>21</div> </div>	<div> <div>(2,158,017.00)</div> <div>(137,206.00)</div> <div>(78,314.00)</div> </div>	<div> <div>(168,255.34)</div> <div>(40,387.01)</div> <div>(36,178.38)</div> </div>	<div> <div>8</div> <div>29</div> <div>46</div> </div>



Variance analysis is critical



- Having the ability to compare current year balances to prior year shows issues that might otherwise be missed
- Ability to compare Actual vs Budget
- Looking at amounts that have changed greater than a \$ or %



Analytical variance used to understand changes

Year End: December 31, 2021 Analytical review Threshold Amount: 10000.00 Or Threshold %: 10.00					
Account	Rep	Rep 12/20	Amount Chg	%Chg	Annotation
1.01.100 Cash and equivalents	2,622,999.12	2,243,709.15	379,289.97	16.90	
1.01.200.05 Miscellaneous receivables	51,951.97	35,421.45	16,530.52	46.67	
101-000-134-010-001 101 DUE FROM PIERCE COUN	90,395.97	33,531.43	56,864.54	169.59	
101-000-134-010-002 101 DUE FROM STATE	122,999.09	101,643.64	21,355.45	21.01	
1.01.405.01 Due from other government units	213,395.06	135,175.07	78,219.99	57.87	
2.01.200.10 Accounts payable	(3,399.00)	0.00	(3,399.00)	100.00	
2.01.200.20 Vouchers payable	(54,737.94)	(30,468.26)	(24,269.68)	79.66	
2.01.205 Accrued salaries and wages	(38.81)	(57.32)	18.51	(32.29)	
3.02.150.02 TIRI period adjustment	(49,056.49)	120,039.50	(169,095.99)	(140.87)	
3.02.150.03 TIRI Beginning fund balance	(2,377,451.09)	(1,242,270.68)	(1,135,180.41)	91.38	
3.05.100 Budgetary	0.00	0.00	0.00	0.00	
4.01.405.01 Utility taxes	(169,326.19)	0.00	(169,326.19)	100.00	
4.01.405.07 TBD taxes	(520,460.84)	(890,208.74)	369,747.90	(41.53)	
4.01.410 Licenses and permits	(513,890.67)	(470,766.00)	(43,124.67)	9.16	
4.01.415.04 State Shared Revenues and Entitles	(616,060.64)	(380,803.71)	(235,256.93)	61.78	
4.01.420.06 Other revenues	(19,556.41)	(15,634.04)	(3,922.37)	25.09	
5.01.600 Capital outlay	18,957.75	7,693.00	11,264.75	146.43	



Decide what is right for your team



- All teams are different and have unique priorities and preferences.
 - Just because something is “Industry Standard” or you know another team uses it, doesn’t necessarily mean it is right for you.
- When choosing a system that is right for your team, always consider:
 - Ease of use
 - Ability to collaborate with your team and your auditors
 - Cost effective
 - Flexibility to fit your specific needs
 - Good workflow documentation



Polling Question #9

- Lead sheets are used for what purpose? Select the answer that is **incorrect**
 - A – To tie account balances into Notes
 - B – By auditors during our audit
 - C – Music sheet for the lead singer
 - D – To sum groups of accounts together to reconcile to Financial statements

Answer is **C – Music sheet for the lead singer**

Questions for Bryan & Gail?

Thank you!

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gail.gray@lslcpas.com





10 MINUTE BREAK

Be back on at 1:40 PM





RAFFLE TIME FOR IN PERSON

1:40 PM – 1:50 PM

The next presentation will begin promptly at 1:50 PM





Finding New Ways to Do the Same Work With Fewer People

LSL Senior Manager, Kelly Telford, CPA



Polling Question #10

What is your Finance Department's current staffing levels?

- Fully staffed (all positions are filled)
- Only a small amount of turnover (infrequent vacancies)
- Vacancies in a few positions
- 25% or more vacancies



Current Challenges

- Fewer experienced candidates are available to fill management positions
- Fewer college students are choosing accounting as a career
- Fewer students are choosing government as an industry

THESE ISSUES AREN'T TEMPORARY!!!!

Quoted studies



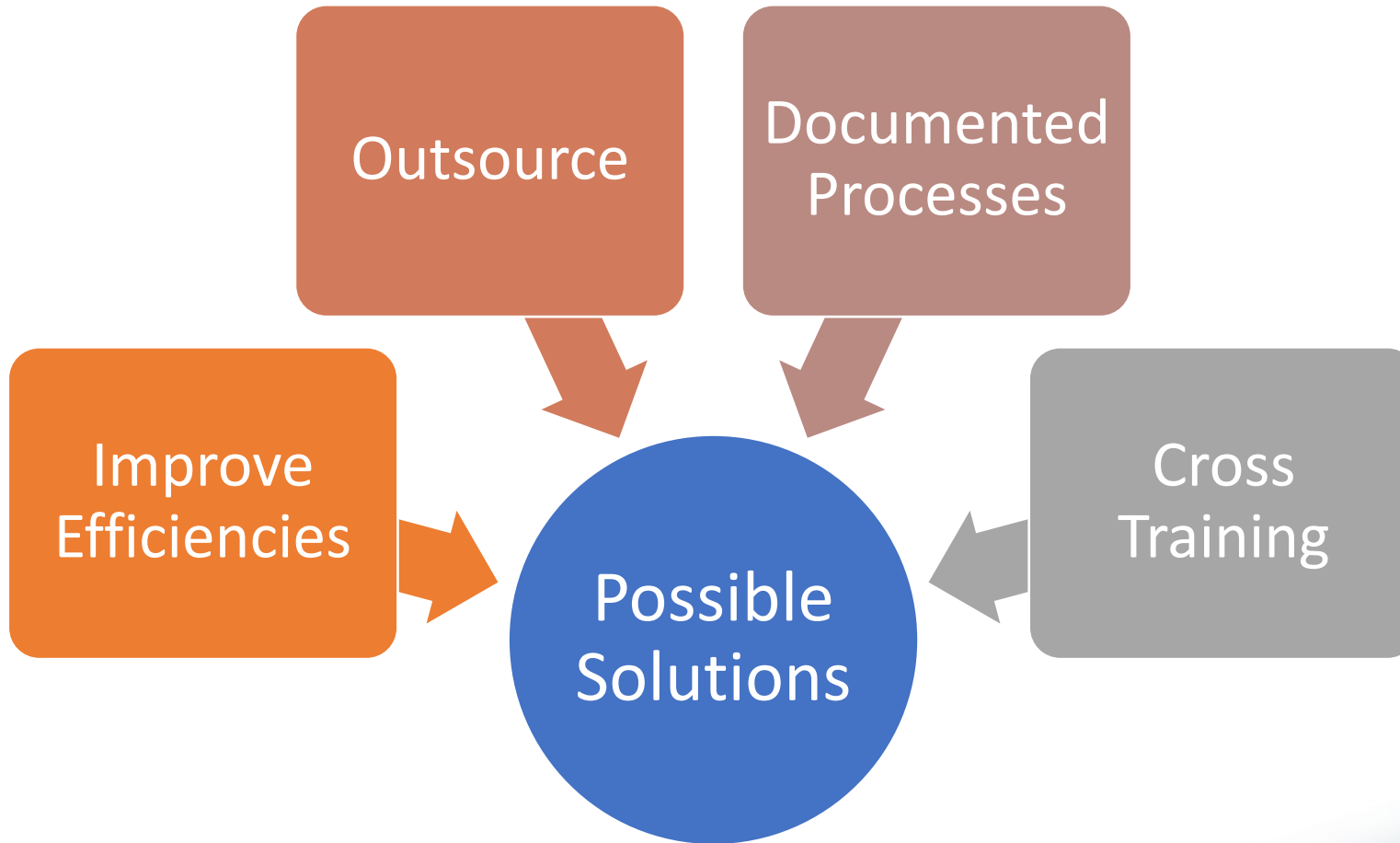
AICPA®



How do keep up on day to day given these staffing issues?



Change How We Do Things



Improve Efficiencies



- Look for opportunities to automate or minimize repetitive and labor-intensive processes
- Assign the right people to the task
- Upgrade software
 - Enhance customer experience and allow more to be done online (rather than people coming into City Hall)
 - Implement paperless environments where documentation is always at your fingertips
 - Avoid the temptation to prepare reports outside of your system... **let the software do the heavy lifting!**



Outsourcing

- Look for 3rd parties to do things that may not be labor intensive but are repetitive in nature
- Look for key repetitive functions that take a lot of time that you can outsource
- Hire consultants to do the complex functions that you don't have staff with expertise in... **let consultants do the heavy lifting!**



Polling Question #11

Does your organization have documented processes or procedure manuals (accounts payable, payroll, cash receipts, utility billing, bank reconciliation, etc.)?

- Yes, our procedures are well documented and updated regularly.
- Some key processes are documented but not all processes.
- No, and we don't have the time to do it!



Documenting Processes



- Understand the roles and responsibilities of each position
- Create a workflow document that shows the main steps in the process
- Build out procedures manuals that document how we do it
- Look for opportunities to improve HOW we do things





Documenting Processes

PAYROLL

Daily:

- Plans, organizes, coordinates and supervises the activities for payroll
- Provides support, information, assistance to HR and IT for all payroll changes as a result of implementing MOU's, PERS rates changes and others
- Provides support and assistance to city employees in regards to payroll, MOU explanation, retirement planning, 4850, time card entries and other on as needed basis and resolves complaints in timely manner
- Provides assistance on electronic time sheet

Bi-weekly:

- Runs bi-weekly payroll in compliance with federal and state tax law, and City MOU 's for each group accurately and timely
- Finishes payroll timely and accurately to allow for timely direct deposit transmission
- Audit HR folder for new hires, termination, demotion, promotion, pay increases
- Process retro, garnishments
- Reports biweekly retirement earnings to CalPERS and PARS including retro and other adjustment reporting timely within established deadlines
- Requests payments for garnishments, federal and state taxes, RH PD ICMA payments, deferred plan including 457 and 401A

Monthly/Quarterly/Yearly

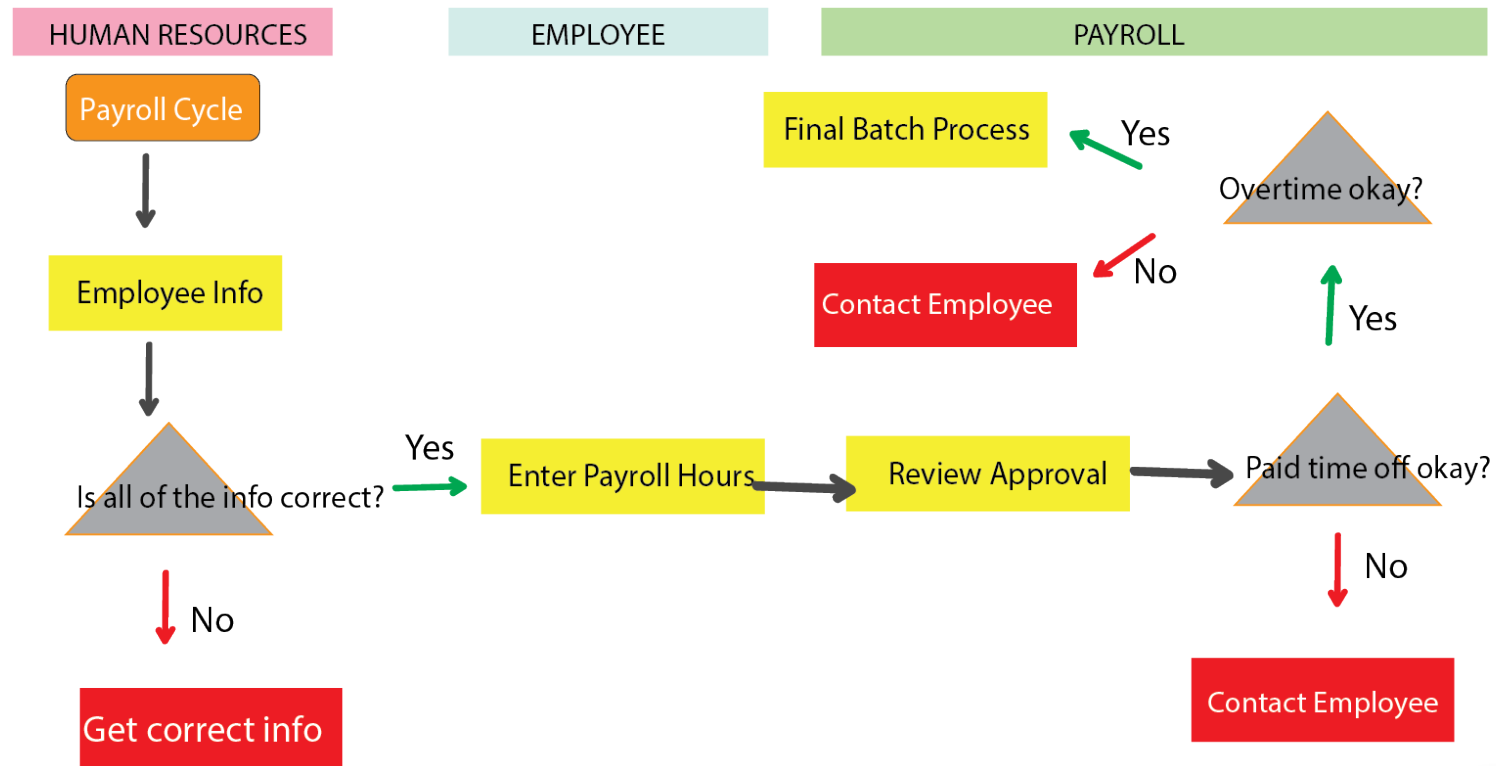
- Prepares monthly, quarterly and yearly reporting for Federal taxes and EDD
- Prepares yearly Census data
- Responsible for budget labor distribution, clarification of all positions in the system
- 4850 reconciliation
- Prepares / assists in yearly W-2 preparation
- Attends yearly Government Tax seminar
- Qtry SRO billing and salary increase projections

As needed:

- Responds to CalPERS payroll inquiries, discrepancies, audit responses
- Participates in development and implementation of all payroll changes (in the past system upgrades, ets implementation)
- Meets with HR, IT staff and City Attorney on as needed basis for FLSA compliance
- Provides payroll training
- Responsible for PeopleSoft updates due to MOU implementations, changes and ensures compliance of all applicable laws, regulations, MOU's, policies and procedures
- Audits all final changes from IT and HR especially for reporting purposes
- Makes modifications to payroll, especially for payroll reporting employees on 9/80 schedule



Documenting Processes





Procedure 207-01 Payroll
Sponsor: Business and Administrative Services



Purpose

The purpose of the Payroll Procedure is to establish criteria for the proper control and handling of payments to employees.

Definitions

None

Procedure

Budget Manager Responsibilities

1. Properly authorize and approve appropriate personnel action forms (PAFs).
2. Ensure that supervisors within their department are familiar with, and adhere to, policies and procedures.
3. Establish methods of timesheet submittal for employees who work in remote locations and who do not have access to regular time reporting systems.

Supervisor Responsibilities

1. Be familiar with the basic provisions of the Fair Labor Standards Act (FLSA) covering hours worked, meal periods, overtime pay, travel pay, weekends, and other record keeping.
2. Ensure that employees are trained in reporting hours worked and leave time through the appropriate method.
3. Ensure employees adhere to the procedures as they relate to time recording and time worked.
4. Certify employee's reported time worked, leave time, and overtime for accuracy.
5. Ensure certified time reports are submitted to payroll by required deadlines.
6. Set and enforce employee's work schedule based on operational needs and personnel policies, procedures, and procedural guidelines.
7. In coordination with Human Resources, communicate matters of significance to employees.

Employee Responsibilities

1. Comply with policies and procedures as well as department rules with respect to time, attendance, and reporting.

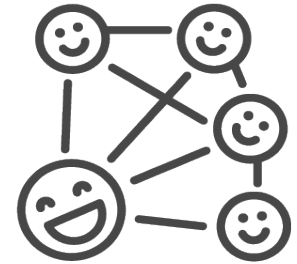
Polling Question #12

Does your organization have staff that are cross trained in your major transaction areas (AP, cashiering, payroll)?

- Yes, we have fully trained backups that can step in if someone is on vacation or there is a vacancy.
- Some processes have backups but the backup can only do the basic functions. They can't handle the unusual items.
- No, we don't have backups and have issues any time there are vacancies.



Cross Training



- Provides opportunity to test your documented process to ensure they are still accurate.
- Protects the organization from loss of institutional knowledge.
- Ensures key functions are protected and your vendors and your people will always be paid.



Questions for Kelly?

Thank you!

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WRAP UP





Thank you for coming to the
LSL GASB Update 2022
The New Normal: Adapt & Adjust

Thursday, April 21, 2022