

LSL GAAT Update 2025

***POWER MOVES: Stay Ahead
& Thrive Through Change***



LSL 

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Housekeeping and CPE

- There will be a total of 4 presentations throughout today's training.
- Each presentation is eligible for 1 CPE credit with the opportunity to receive 4 CPE credits by the end of the day.
- Each presentation will run 50 minutes with a 10-minute Q & A immediately following.
- **For those of you viewing via Zoom:**
 - If you have any questions for the presenters, please put them in the Q & A box located in the Zoom toolbar. To find that, hover your mouse over the top or bottom of your screen and a toolbar will pop up.
 - We will launch 4 polls throughout each presentation. To receive credit, you must answer 3 of the 4 polls and complete the short evaluation you will receive from LC Vista. LC Vista is a new system so please allow up to 1 week to be contacted.
- **For those of you in-person:** Please be sure you signed in next to your name at check-in.

Morning Agenda

| | | |
|------------------|------------|--|
| 8:00 – 9:00 am | 1 hour | In-person Check-in |
| 9:00 – 9:10 am | 10 minutes | Introduction – Brandon Young, CPA–Partner/COO |
| 9:10 – 10:00 am | 50 minutes | GASB Overview: 101, 103, & 104 James Butera, CPA–Director, Assurance & Advisory and Krystal Cabrera, CPA–Senior Manager, Consulting & Advisory |
| 10:00 – 10:10 am | 10 minutes | Questions for James & Krystal |
| 10:10 – 10:20 am | 10 minutes | BREAK |
| 10:20 – 11:10 am | 50 minutes | IT Strategic Plan: A Blueprint for Transformation Noah Daniels, CPFO, CPA–Director, Consulting & Advisory and Carrie Matson–Deputy Finance Director from City of Thousand Oaks |
| 11:10 – 11:20 am | 10 minutes | Questions for Noah & Carrie |
| 11:20 – 11:30 am | 10 minutes | RAFFLE TIME (in-person only) |
| 11:30 – 12:30 pm | 1 hour | LUNCH BREAK |

Afternoon Agenda

| | | |
|-----------------|------------|--|
| 12:30 – 1:20 pm | 50 minutes | Uniform Guidance (UG) Update Ryan Domino, CPA–Partner, Assurance & Advisory, and Christian Townes, CPA–Partner, Assurance & Advisory |
| 1:20 – 1:30 pm | 10 minutes | Questions for Ryan & Christian |
| 1:30 – 1:40 pm | 10 minutes | BREAK |
| 1:40 – 1:50 pm | 10 minutes | RAFFLE TIME (in-person only) |
| 1:50 – 2:40 pm | 50 minutes | ERP Panel: Implementation Lessons Learned Kelly Telford, CPA–Partner, Consulting & Advisory and Panel |
| 2:40 – 2:50 pm | 10 minutes | Questions for Kelly & Panel |
| End by 3:00 pm | 10 minutes | WRAP UP |



GASB Overview: 101, 103, & 104

Your Presenters



James Butera, CPA
Director, Assurance
& Advisory



Krystal Cabrera, CPA
Senior Manager,
Consulting & Advisory



GASB 101 – Compensated Absences

POLLING QUESTION #1

**Does your Agency historically
early implement GASB pronouncements?**

- Always
- Never
- Depends on the Pronouncement

GASB 101 – Compensated Absences

- Implementation
 - Effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.
- The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB 101 – Compensated Absences

- GASB 16 (1992) Rules-Based vs GASB 101 (2025) Principles-Based
 - GASB 16 – Accrued only if probable to compensate upon termination/retirement
 - Vacation, Sick, Sabbatical
 - GASB 101 – Accrue for all leave types regardless of payment likelihood
 - Cash payments when leave is used for time off
 - Other cash payments, such as payment for unused leave upon termination of employment
 - Noncash settlements, such as conversion to defined benefit postemployment benefits
- Deemed “Moderate” Implementation Impact by GASB
 - May have no impact on Agency at all
 - Sick leave where no payment is made upon termination will have most significant impact

GASB 101 – Compensated Absences

- Recognition criteria (All 3)
 - Services already rendered
 - Accumulates across fiscal years
 - More likely than not to be used for time off or paid out (defined as 50% or greater)
- Vesting is not a recognition criteria
 - If not paid at termination, estimation of liability for the most likely amount to be used

GASB 101 – Compensated Absences

- Audit Preparation
 - Copy of employee benefit policy
 - Estimation/calculation support
 - Commonly historical forfeiture rates
 - Change in pay rate adjustments
 - ACFR impact
 - Compensated absences footnote will now present net annual change
 - No longer present gross additions and deletions columns

GASB 101 – Compensated Absences

- How to evaluate leave:
 - Determine whether leave is more likely than not to be used for time off or otherwise paid in cash, or settled through non-cash means, by assessing factors such as:
 - The Government's employment policies related to compensated absences
 - Whether leave that has been earned is, or will become, eligible for use or payment in the future
 - Historical information about the use, payment, or forfeiture of compensated absences
 - Information known to the government that would indicate that historical information may not be representative of future trends or patterns

GASB 101 – Compensated Absences

- Compensated Absences that are dependent on the occurrence of a sporadic event that affects a relatively small proportion of employees in any particular reporting period should not be recognized as a liability until the leave commences:
 - Parental leave
 - Military leave
 - Jury duty
 - Unlimited leave
 - Holiday leave

GASB 101 – Compensated Absences

- Determining the calculation for Compensated Absences
 - A liability for leave should be measured using an employee's rate as of the date of the financial statements unless:
 - Leave is more likely than not to be paid at a different rate from the employees pay rate at the time the payment is made
 - Leave is not attributable to a specific employees as of the date of the financial statements

GASB 101 – Compensated Absences

- Salary Related Payments - Obligations incurred by the government related to providing leave in exchange for services rendered
 - Must include salary related payments that are
 - Directly associated with leave
 - Incrementally associated with leave
 - Salary related payments related to Defined Benefit Pension or Defined Benefit OPEB plans are NOT included in the measurement of compensated absences



How to Implement

GASB 101 – Compensated Absences

- **Situation # 1 – Policy provides Unlimited PTO**
 - Leave is not recognized as a liability until used

GASB 101 – Compensated Absences

- **Situation # 2 – Payout of 100% of balances**
 - Total Accrued Leave balance and calculate using the payrate at Year-End
 - Include any Salary Related payments

GASB 101 – Compensated Absences

- **Situation # 3 – Payout of NO balances at termination**
 - Estimate the leave usage
 - Based on historical averages
 - Calculate leave based on estimate and using the pay rate at Year-End

GASB 101 – Compensated Absences

- **Situation # 4 – Payout of balances at termination – but not at 100% of balance**
 - Step 1: Estimate the leave usage
 - Based on historical averages
 - Step 2: Remove the estimated hours from ending leave balance
 - Step 3: Using the remaining balance, determine hours available based reductions per policy
 - Step 4: Calculate leave based on number of hours in steps 1 and 3 and using the pay rate at Year-End

GASB 101 – Compensated Absences

- **Situation # 5 – Payout of balances at 100% at termination – but a different rate**
 - Step 1: Estimate the leave usage
 - Based on historical averages
 - Step 2: Remove the estimated hours from ending leave balance
 - Step 3: Using the remaining balance, determine hours available
 - Step 4: Calculate leave based on number of hours in steps 1 and 3
 - Usage Pay: estimate hours from step 1 at current pay rate
 - Termination Pay: Calculate based on hours calculated at step 3 using reduced rate specified by policy

GASB 101 – Compensated Absences

- **Situation # 6 – Payout of balances at termination – with a cap on hours to be paid out**
 - Step 1: Estimate the leave usage
 - Based on historical averages
 - Step 2: Remove the estimated hours from ending leave balance
 - Step 3: Using the remaining balance, adjust for any cap on the balance
 - Step 4: Calculate leave based on number of hours in steps 1 and 3
 - Usage Pay: estimate hours from step 1 at current pay rate
 - Termination Pay: Calculate based on hours calculated at step 3, adjusted for cap at current pay rate



GASB 102 – Certain Risk Disclosures

GASB 102 – Certain Risk Disclosures

- Implementation
 - Effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter
- Objective is to provide financial statement users with information about risks related to government's vulnerabilities due to certain concentrations or constraints

GASB 102 – Certain Risk Disclosures

- Concentration – a lack of diversity related to an aspect of a significant inflow or outflow of resources
- Constraint – a limitation that is imposed by an external party or formal action of government's highest level of decision-making authority

GASB 102 – Certain Risk Disclosures

- Disclosure in notes to financial statements should be made if all of the following are met:
 - A concentration or constraint is known to the government prior to the issuance of the financials
 - The concentration or constraint makes the reporting unit vulnerable to risk of a substantial impact
 - Events associated with the concentration or constraint, that could cause a substantial impact, have occurred, begun to occur, or are more likely than not to begin to occur within 12 months of the financial statement issuance date

GASB 102 – Certain Risk Disclosures

- For each concentration or constraint disclosures should describe the following:
 - The concentration or constrain
 - Each event associated that could cause substantial impact
 - Actions taken by the government prior to the issuance of the financial statements to mitigate the risk

POLLING QUESTION #2

How familiar is your Agency with GASB 103 in advance of its effectiveness for FY 2026?

- We are Early Implementing GASB 103
 - Aware of the basic concepts
- Not familiar at all we're still recovering from GASB 87 and 96



GASB 103 – Reporting Model Changes

GASB 103 – Reporting Model Changes

- Implementation
 - Effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement also addressed certain application issues.

GASB 103 – Reporting Model Changes

- Management's Discussion and Analysis (MD&A)
- Unusual or Infrequent Items
- Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position
- Major Component Unit Information
- Budgetary Comparison Information

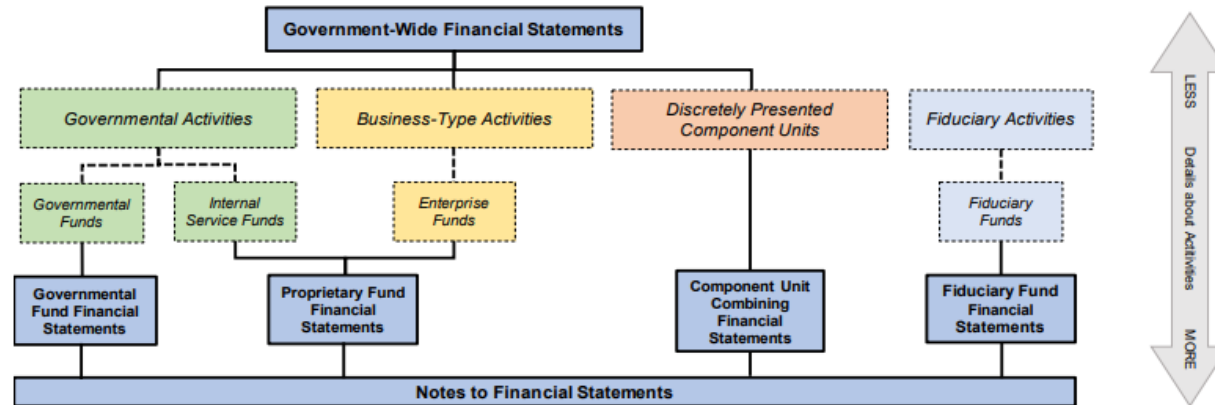
GASB 103 – Reporting Model Changes

- Management's Discussion and Analysis Sections
 - Overview of Financial Statements
 - Financial Summary
 - Detailed Analyses
 - Significant Capital Asset & Long-Term Financing Activity
 - Currently Known Facts, Decisions, or Conditions

Overview of the Financial Statements

- Overview of the basic financial statements including the relationships of the statements to each other
- Overview should focus on significant differences in the types of information provided in each type of statement

Figure A-1. Contents of the City's Basic Financial Statements



Financial Summary

Figure A-2. Types of Information Reported in the City’s Financial Statements

| | Financial Statements | | | | |
|---|---|------------------|----------------|----------------|---|
| | Government-Wide | Proprietary Fund | Fiduciary Fund | Component Unit | Governmental Fund |
| Types of assets and liabilities | All assets and liabilities, both financial and nonfinancial, short term and long term | | | | Only current financial resources, such as cash, taxes receivable, and accounts payable |
| Types of revenues/additions | All types of revenues/additions that flow into the government during the year that relate to that year, regardless of when cash is received | | | | Only revenues that are measurable and available to finance expenditures of that year |
| Types of expenses/deductions/expenditures | All types of expenses/deductions that flow out of the government during the year that relate to that year, regardless of when cash is paid | | | | Only expenditures for which the related governmental fund liability is incurred in that year |
| Types of deferred outflows of resources and deferred inflows of resources | All types of resources that flow into and out of the government during the year that relate to a future year | | | | Current financial resources that flow into and out of the governmental funds during the year that relate to a future year |

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies, beginning on page XX.

Detailed Analyses

- Tell the story behind the numbers
- Fact based and discuss activities that had significant positive or negative impact on balances compared to the prior year
- Emphasis on why balances changed
 - Market changes or investment policy changes
- Avoid repetition
 - Reference prior discussion if explanations are relevant in multiple section
 - Refer to significant capital asset and long-term financing activity section or vice versa

Detailed Analyses – Government-Wide

Government-Wide

- Not required to analyze whether net position has improved or worsened
- Reasons for change and why and quantified magnitude
- Facts, decisions, and conditions in addition to policy changes
- Market conditions
- Internal policy changes

Fund Level

- Analysis of each major fund
- Reasons for change and why and quantified magnitude
- Restrictions, commitments, and assignments of fund balance
- Facts, decisions, and conditions in addition to policy changes
 - Market conditions
 - Internal policy changes

Significant Capital Asset and Long-Term Financing

Capital Assets

- Description of significant capital asset activity – including intangibles
- Significant additions and disposals of capital assets and changes to commitments
- Policy changes or economic factors that affected activity

Long-Term Financing

- Similar to prior presentation
- Includes debt, leases, PPPs, and SBITAs
- Changes in credit rating, debt limitations
- Policy changes or economic factors that affected activity

Currently Known Facts, Decisions, or Conditions

- Description of currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or that are expected to produce significant differences from current period results of operations
 - Trends in relevant economic or demographic data
 - Factors used to develop subsequent year's budget
 - Budgetary analysis moved to RSI

POLLING QUESTION #3

Who won the NFL MVP in 2024, and is the undisputed best QB alive right now?

- Joshua Patrick Allen
 - #17 on the Bills
 - What is an NFL?

Unusual or Infrequent Items

- Extraordinary and Special Items are now Unusual or Infrequent Items
- Presented separately and not shown net
- Located as a separate section before the change in fund balance/net position

| | | | | | | |
|--|-----------|----------|-----------|------------|-----------|------------|
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Long-term debt issued | - | - | 30,649 | 119,681 | - | 150,330 |
| Premium on debt issued | - | - | 1,600 | 6,249 | - | 7,849 |
| Payment to bond refunding escrow agent | - | - | (32,230) | - | - | (32,230) |
| Proceeds from the sale of capital assets | 275 | - | - | - | - | 275 |
| Transfers in | 2,630 | - | - | 192 | 1,303 | 4,125 |
| Transfers out | (662) | - | - | (18,294) | (5,680) | (24,636) |
| Total other financing sources (uses) | 2,243 | - | 19 | 107,828 | (4,377) | 105,713 |
| UNUSUAL OR INFREQUENT ITEM—FLOOD DAMAGE | | | | | | |
| Grant revenues | 2,500 | - | - | - | - | 2,500 |
| Cleanup | (10,000) | - | - | - | - | (10,000) |
| Total unusual or infrequent item | (7,500) | - | - | - | - | (7,500) |
| Net change in fund balances | 11,983 | 453 | 2,560 | 71,760 | 3,454 | 90,210 |
| Fund balances—beginning of period | 55,009 | 4,024 | 65,729 | 548,550 | 14,879 | 688,191 |
| Fund balances—end of period | \$ 66,992 | \$ 4,477 | \$ 68,289 | \$ 620,310 | \$ 18,333 | \$ 778,401 |

GASB 103 – Reporting Model Changes

- Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position
 - The statement should distinguish between:
 - Operating revenues and expenses
 - Nonoperating revenues and expenses
 - Noncapital subsidies should be separately reported

GASB 103 – Reporting Model Changes

- Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position
 - Operating revenues and expenses are revenues and expenses other than nonoperating revenues and expenses
 - Nonoperating revenues and expenses are
 - Subsidies received and provided
 - Contributions to permanent and term endowments
 - Revenues and expenses related to financing
 - Resources from the disposal of capital assets and inventory
 - Investment income and expenses

GASB 103 – Reporting Model Changes

- Subsidies are defined as:
 - Resources received from another party or fund
 - For which the proprietary fund doesn't provide goods and services to the other party or fund
 - That directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise
 - Resources provided to another party or fund
 - For which the other party or fund doesn't provide goods and services to the proprietary funds
 - That are recoverable through the proprietary fund's current or future pricing policies
 - All other transfers

Presentation of the Proprietary Fund Statement of Revenue, Expenses and Changes in Net Position

Operating revenues (detailed)

Total operating revenues

Operating expenses (detailed)

Total operating expenses

Operating income (loss)

Noncapital subsidies (detailed)

Total noncapital subsidies

Operating income (loss) and noncapital subsidies

Other nonoperating revenues and expenses (detailed)

Total other nonoperating revenues and expenses

Income (loss) before unusual or infrequent items

Unusual or infrequent items (detailed)

Increase (decrease) in fund net position

Fund net position—beginning of period

Fund net position—end of period

GASB 103 – Reporting Model Changes

- Information about Major Component Units in Basic Financial Statements
 - Should present each major component unit separately in the statements of net position and activities if it does not reduce the readability of the statements
 - If it does reduce the readability, combining statements of major component units should be included in the basic financial statements after the fund statements

GASB 103 – Reporting Model Changes

- Budgetary Comparison Information
 - Schedules should be presented as RSI for the General Fund and major special revenue funds
 - Requires separate columns for the variances between
 - Original and Final Budget Amount
 - Final Budget amounts and actual results
 - Explanation of significant variations required to be presented in the notes to RSI

GASB 103 – Reporting Model Changes

- Statistical Section
 - Governments engaged in only business-type or business-type and fiduciary activities should present revenues by major source
 - Distinguish between operating, noncapital subsidy, and other nonoperating revenues and expenses



GASB 104 – Disclosure of Certain Capital Assets

POLLING QUESTION #4

Who does your Agency task with facilitating GASB pronouncement implementations?

- Finance department/internal personnel
 - External Auditors
- External or other consultants

GASB 104 – Disclosure of Certain Capital Assets

- Effective for fiscal years beginning after June 15, 2025
- Establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34

GASB 104 – Disclosure of Certain Capital Assets

- Separate Disclosure of Certain Capital Assets:
 - Lease Assets (GASB 87) - reported by major class of underlying assets
 - Intangible right-to-use assets recognized by an operator (GASB 94) – reported by major class of asset
 - Subscription assets (GASB 96)
 - Intangible assets, by major class of asset

GASB 104 – Disclosure of Certain Capital Assets

| | Primary Government | | |
|---|--------------------|-----------|----------------|
| | Beginning Balance | Increases | Ending Balance |
| Governmental activities: | | | |
| Capital assets not being depreciated: | | | |
| Land and improvements | \$ 29,484 | \$ 2,020 | \$ (4,358) |
| Construction in progress | 2,915 | 13,220 | (14,846) |
| Total capital assets not being depreciated | 32,399 | 15,240 | (19,204) |
| Capital assets being depreciated: | | | |
| Buildings and improvements | 40,861 | 334 | - |
| Equipment | 32,110 | 1,544 | (1,514) |
| Road network | 72,885 | 10,219 | - |
| Bridge network | 18,775 | 4,627 | - |
| Software | 2,100 | 548 | (650) |
| Lease assets: | | | |
| Buildings | 25,821 | 209 | - |
| Equipment | 20,389 | 2,312 | (2,456) |
| Subscription assets | 5,490 | 687 | (743) |
| Total capital assets being depreciated | 218,431 | 20,480 | (5,363) |
| Less accumulated depreciation for: | | | |
| Buildings and improvements | (10,358) | (691) | - |
| Equipment | (9,247) | (2,676) | 1,040 |
| Road network | (12,405) | (823) | - |
| Bridge network | (2,896) | (197) | - |
| Software | (543) | (110) | 25 |
| Lease assets: | | | |
| Buildings | (7,456) | (596) | - |
| Equipment | (5,864) | (1,782) | 823 |
| Subscription assets | (1,009) | (450) | 209 |
| Total accumulated depreciation | (49,778) | (7,325) | 2,097 |
| Governmental activities capital assets, net | \$ 201,052 | \$ 28,395 | \$ (22,470) |

GASB 104 – Disclosure of Certain Capital Assets

- Capital Assets Held for Sale
 - Classified as held for sale if
 - Government has decided to pursue the sale of the asset
 - It is probable that the sale will be finalized within one year of the financial statement date
 - Factors to consider when determining probability of sale:
 - Whether the asset is available for immediate sale in its present condition
 - Whether an active program to locate a buyer has been initiated, which may include the asset being put out for bid
 - Market conditions for selling that type of asset
 - Regulatory approvals needed to sell the asset
 - Evaluate Annually

GASB 104 – Disclosure of Certain Capital Assets

- Capital Assets Held for Sale Reporting
 - Continue to report within the major class of asset
 - Add additional disclosure detailing:
 - Historical cost
 - Accumulated depreciation by major class of asset
 - Any carrying amount of debt for which assets held for sale are pledged as collateral

GASB 104 – Disclosure of Certain Capital Assets

- Capital Assets Held for Sale

Included in capital assets are buildings that are capital assets held for sale. Those buildings are reported in governmental activities. They have a total historical cost of \$8.0 million and an accumulated depreciation of \$5.0 million, and they are pledged as collateral for debt with a balance of \$1.5 million.

Questions?

Contact LSL



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Director, Assurance & Advisory
James.Butera@lslcpas.com



Krystal Cabrera, CPA
Senior Manager, Consulting & Advisory
Krystal.Cabrera@lslcpas.com



10 MINUTE BREAK

The next presentation will begin promptly at 10:20 am



IT Strategic Plan: A Blueprint for Transformation

Your Presenters



Noah Daniels, CPFO, CPA
Director, Consulting & Advisory
LSL



Carrie Matson
Deputy Finance Director
City of Thousand Oaks

Overview and Objectives

- ✓ Share the City of Thousand Oaks Story IT Strategic Plan (ITSP) Journey
- ✓ Strategies for Cross-Departmental Collaboration
- ✓ Learn how it has changed the City
- ✓ Learn how it is anticipated to change the City in the future

POLLING QUESTION #1

How involved is Finance in helping set technological priorities for your organization?

- Actively drive or partner closely with IT
 - We contribute but don't lead
- IT or another department sets the priorities
- Not involved at all or only engage when asked

Purpose of an ITSP

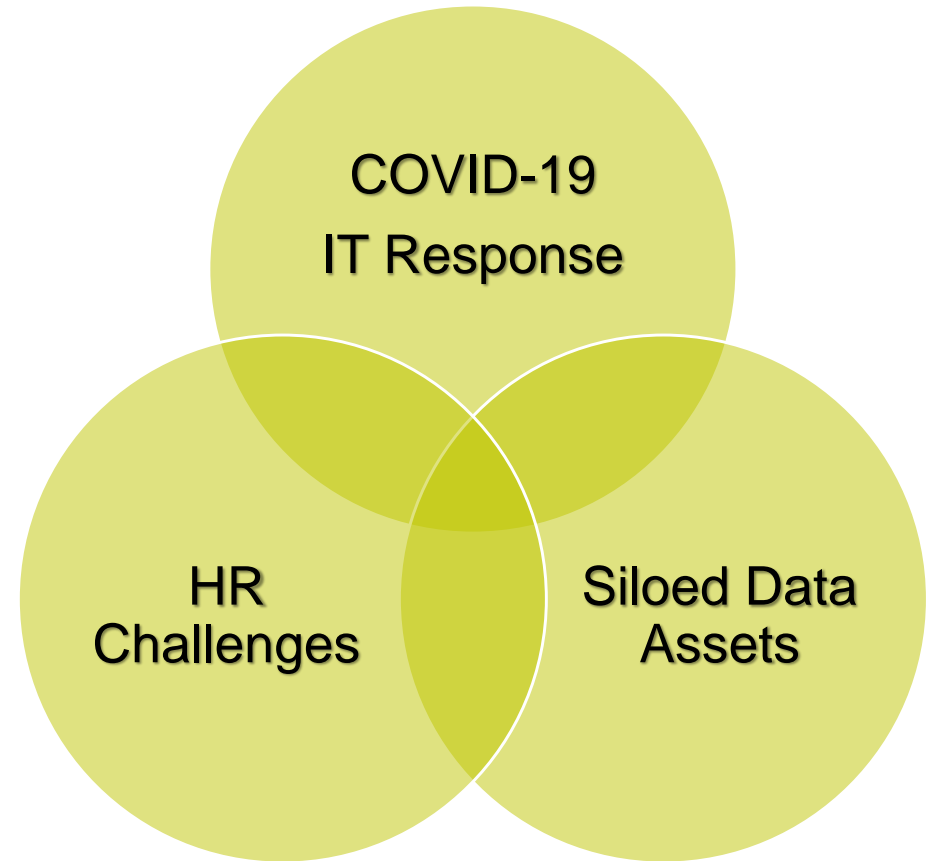
| | |
|---------|---|
| Provide | Provide a roadmap for modernization and future-focused initiatives |
| Align | Align technology investments with City Council's Goals and Priorities |
| Adapt | Adapt to evolving expectations |
| Foster | Foster innovation and effective use of data |

The Catalyst for Change!

- City Manager created a clear organization vision:

“Agile technology responsiveness and operational support”

- Vision reinforced:
 - Infrastructure modernization
 - Best of breed vs enterprise applications
 - Enhancing data for better decision-making



ITSP Development Process

Independent Consultant Review

External assessment of current technology environment

Employee Surveys

Internal perspectives of technology needs and opportunities

Visioning Discussions

Identify and define long-term strategies and priorities

Business Process Workshops

Identify operational improvement opportunities

POLLING QUESTION #2

Has your organization completed an IT needs assessment or planning effort?

- Completed and implemented
 - In process
 - Not yet but will be soon
- No formal IT assessments or planning



IT VISION STATEMENT

Leverage transformative technology to enhance the quality of life for all residents, fostering a connected, inclusive, and sustainable community and workplace.

WE STRIVE:

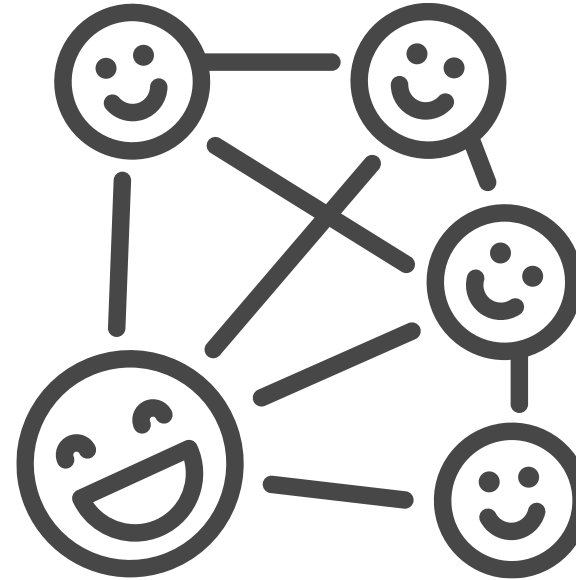
- TO** boldly embrace innovation, fostering a nimble culture with the courage to explore new ideas and solutions.
- TO** deliver modern, efficient, and customer-centric services through technology that prioritizes integration between City systems.
- TO** promote data accessibility for effective and collaborative decision-making.

Strategic Goals

| | # of Initiatives |
|--|------------------|
| 1. Innovative and Adaptable Technology Investments | 15 |
| 2. User Experience and Customer Service | 4 |
| 3. Data Accessibility for Decision Making | 4 |
| 4. Business Process Improvement | 6 |
| 5. IT Governance, Cybersecurity, and Continuity | 5 |

Strategies for Cross-Departmental Collaboration

1. Inclusive Visioning
2. Listening to staff
3. Investing in capacity
4. Fostering openness



POLLING QUESTION #3

What do you think the biggest challenge would be when collaborating on technology projects in your organization?

- Managing different departmental priorities or objectives
 - Resistance to changing existing processes
 - Lack of clear communication between departments
- Insufficient training, resources, or project management expertise

Thousand Oaks Takeaways

- **Strategic planning creates a mandate for change – not a wish list**
 - An ITSP should be an actionable plan, not just ideas to consider
- **Technology alone doesn't transform**
 - An ITSP must address people, processes, and culture - not just systems
- **Collaboration must be designed, not assumed**
 - Actively involve departments through surveys, workshops, visioning discussions to turn passive users into active partners
- **Innovation is a culture – not a project**
 - Fostering a mindset of continuous improvement drives lasting organizational change

POLLING QUESTION #4

What role do you think Finance plays in your organization's strategic technology efforts?

- Driver – Leading or steering technology planning efforts
- Partner – Close collaborator to align resources with organizational goals
 - Advisor – Providing financial support and analysis
- Implementor – Managing budgets and funding decisions for projects

Where are they NOW?

- Council support with Technology Investment listed in FY 2025-26 Top Ten Priorities
- Building organizational alignment around a shared vision
- Establishing a framework for IT Governance
- Budgeting for new standalone IT Department
- Actively gathering data for new initiatives



Questions?

Contact LSL



Noah Daniels, CPFO, CPA
Director, Consulting & Advisory
Noah.Daniels@lslcpas.com



RAFFLE TIME FOR IN-PERSON

If you would like to stay and watch the in-person raffle, feel free!

Otherwise, we will see you back on Zoom after lunch.

LUNCH 11:30 am – 12:30 pm



LUNCH BREAK

The next presentation will begin promptly at 12:30 pm



Uniform Guidance (UG) Update

Your Presenters



Ryan Domino, CPA
Partner, Assurance
& Advisory



Christian Townes, CPA
Partner, Assurance &
Advisory

Overview of the 2024 Uniform Guidance Revisions

- OMB issued revisions on April 4, 2024
 - Changes to Uniform Guidance (2 C.F.R. Part 200)
- First extensive revision in a decade
 - Previous revisions were less comprehensive
- Impactful changes highlighted in the article
 - Recipients of federal awards should be aware

Effective Date and Applicability

- **Effective Date**
 - Starting October 1, 2024
 - Applies to all newly issued federal awards
- **Applicability**
 - Awards issued before October 1, 2024 may still be affected
 - Depends on agency decision
 - May apply if award extends into fiscal year following implementation
 - Additional funding may trigger applicability
- **Retroactive Enforcement**
 - Generally, agencies cannot enforce new requirements retroactively
 - Revisions typically impact activities after contract or amendment date
- **Provisions for Past Activities**

Amendments to Subawards

- Application of 2024 Revisions to Awards
 - Changes will apply to subawards if award is amended
 - Pass-through entities must amend subawards accordingly
- Restrictions on Applying Revisions
 - Cannot apply revisions to subawards if federal agency hasn't applied them
 - Subawards issued after October 1, 2024 under prior grants cannot have revisions applied

Updates to Notices of Funding Opportunities (NOFOs)

- Federal agencies must update NOFOs
 - Applies to NOFOs issued before October 1, 2024
 - Updates needed if awards are granted after that date
- Active NOFOs on Grants.gov
 - Must reflect 2024 revisions
- Closed application periods
 - Inform selected recipients about 2024 revisions
- Applicants may need to revise budgets
 - Reflect new changes such as increased de minimis indirect cost rate
 - Resubmit if award granted after October 1, 2024

POLLING QUESTION #1

Is your Organization usually subject to Single Audit Requirements?

- Yes
- No

Period of Performance

- Period of Performance Definition
 - Excludes estimated start and planned end dates
 - Specifies the time interval between start and end date of a Federal award
 - May include one or more budget periods
- Federal Award Identification
 - Period of performance identified as per §200.211(b)(5)
 - Does not obligate Federal agency to provide funding beyond approved budget period

Questioned Costs

- Definition of Questioned Costs
 - Potentially noncompliant costs
 - Poorly documented expenses
 - Unreasonable expenditures
- Review Process
 - Costs reviewed and confirmed as improper
 - Based on OMB Circular A-123 Appendix C
- Types of Questioned Costs
 - Specifically identified costs
 - Estimated costs
- New Audit Reporting Requirements
 - Explanations for questioned costs



Negotiation and Budgeting

- Negotiation and Budgeting
 - Budgets are negotiated between the Federal agency and the recipient or subrecipient
 - Based on proposals, pricing data, and subpart E adherence
- Clarification on Fixed Amount Awards and Contracts
 - Section 200.201 provides updates

Accountability and Cost Sharing

- **Accountability**
 - Based on performance and results
 - Communicated through performance reports or routine monitoring
 - No financial reporting required
 - Record retention mandatory as outlined in §§ 200.334 through 200.338
- **Cost Sharing**
 - Fixed amount awards must not be used in programs requiring cost sharing

Program Income and Certification

- Program Income
 - Fixed amount awards generate program income
 - Usage of program income according to Federal award terms
 - § 200.307 does not apply
- Certification Requirements
 - Recipients must certify project completion
 - Identify incomplete activities
 - Ensure all expenditures align with § 200.403
 - Unexpended funds retained by recipient if activities are completed as agreed

Reports and Approval

- Periodic Reports
 - May be required
- Prior Approval Requirements
 - Specific sections of § 200.308
 - Specific sections of § 200.333



Whistleblower Protections

- Protection for Employees
 - Protected from discharge, demotion, or discrimination
 - Applies to employees of recipients or subrecipients of Federal funds
- Reporting Evidence of Misconduct
 - Gross mismanagement of a Federal contract or grant
 - Gross waste of Federal funds
 - Abuse of authority related to a Federal contract or grant
 - Substantial and specific danger to public health or safety
 - Violations of law, rule, or regulation related to a Federal contract or grant
- Notification Requirement
 - Recipients and subrecipients must inform employees in writing
- Statutory References

POLLING QUESTION #2

In your last Single Audit, how many major programs did you have?

- One
- Two
- Three
- Four or more

Internal Controls and Cybersecurity

- Importance of Internal Controls
 - Establish, document, and maintain effective internal control over Federal awards
 - Include controls addressing cybersecurity
- Cybersecurity Measures
 - Protect sensitive information
 - Safeguard federal funds and program data
- Evaluating Current Controls
 - Assess current internal controls
 - Consider enhancements related to data security
- Grant Management Strategy
 - Include updates in overall strategy

Program Income Clarifications

- Deduction Method for Program Income
 - Used unless stated otherwise in Federal award's terms
 - Reduces total federal award by the amount of program income earned
- Handling of Program Income Earned After Performance Period
 - No handling requirements typically
 - Subject to agency regulations or award's terms
- Post-Performance Income Negotiation
 - Federal agencies may negotiate during closeout process
 - Provides flexibility based on recipient's situation

Equipment Threshold Increase

- New Equipment Threshold
 - Raised from \$5,000 to \$10,000
 - Provides more flexibility for handling smaller assets
- Disposition Instructions
 - Required when equipment is no longer needed
 - Terms may require instructions from Federal agency or pass-through entity
- Equipment Valued at \$10,000 or Less
 - Can be kept, sold, or disposed of without obligations
- Equipment Valued Over \$10,000
 - Federal agency entitled to share of proceeds or market value
- Lost, Damaged, or Stolen Equipment
- Capitalization Policy

Supplies Threshold Increase

- Increased Threshold for Supplies
 - Threshold raised from \$5,000 to \$10,000
 - Applies to all types of supplies
- Unused Supplies Compensation
 - Unused supplies over \$10,000 may require compensation
 - Compensation to federal agency
- Grant Management Considerations
 - Account for increased threshold in grant management

General Procurement Standards

- Section 200.318: General Procurement Standards
 - Updated to include allowable provisions for contracts
 - Reflects labor-related goals

Competition and Procurement Methods

- Competition
 - Removed restriction on geographic preferences
 - Clarification on scoring mechanism for performance metrics
- Procurement Methods
 - Streamlined processes and clarified terminology
 - Local and tribal governments no longer required to publicly open sealed bids
 - 'Small purchases' now referred to as 'simplified acquisitions'
 - 'Micro-purchases' and 'simplified acquisitions' classified as informal procurement methods

Suspension and Debarment Requirements

- Pass-through entities requirements
 - Ensure potential subrecipients are not suspended
 - Verify subrecipients are not debarred from receiving federal funds

POLLING QUESTION #3

Do you have formal policies and or informal practices to review potential contractors for suspension or debarment from working on federally funded projects?

- Yes
- No

Threshold Increases for Subawards

- Fixed Amount Subawards
 - Threshold increased from \$250,000 to \$500,000
 - Requires written approval from the federal agency
 - Must comply with Section 200.201
- Modified Total Direct Costs Subawards
 - Threshold raised from \$25,000 to \$50,000

NICRAs and Provisional Rates

- **NICRAs (Negotiated Indirect Cost Rate Agreements)**
 - Must be honored if in place before October 1, 2024
 - Can be renegotiated to reflect new MTDC base
 - OMB supports renegotiation requests effective beyond October 1, 2025
- **Provisional, Predetermined, or Fixed Rates**
 - Rates in effect before October 1, 2024, must be finalized with approved MTDC base
 - Future provisional rates must use new MTDC base starting October 1, 2024

New De Minimis Rate

- **Option to Use New Rate**
 - Effective from October 1, 2024
 - Applicable to awards executed on or after this date
- **Federal Agency Compliance**
 - All Federal agencies must honor the updated rate
 - Exceptions if specified by law or permitted by 2 CFR part 200
- **Proposal Submission**
 - Include 15% rate in budget calculations for awards anticipated after October 1, 2024
 - Applicable even if NOFO has not indicated 2024 revisions
- **Existing Awards**
 - Federal agencies may permit applying the 15% rate to current awards
 - Must have adequate funds available

Organization Costs

- **Data-related Expenditures**
 - Data systems for program management
 - Personnel involved in data handling
 - Cybersecurity measures
 - Essential items for enhancing programs
- **Evaluation Expenses**
 - Evidence reviews
 - Planning evaluations
 - Conducting evaluations
 - Sharing results to improve program design
- **Unallowable Costs**
 - Persuading or dissuading employees from collective bargaining



Audit Threshold Increase

- Single Audit Threshold Update
 - Effective October 1, 2024 (for June 30 year ends, **effective in 2026 fiscal year**)
 - Threshold increased to \$1,000,000
- Early Implementation
 - Federal agencies can implement changes from June 21, 2024
 - Applies to new or amended awards
- Compliance Requirements
 - Revisions from 2024 must not apply to awards issued before October 1, 2024
 - Unless Federal agency has implemented revisions

Reporting Extension

- **Requesting an Extension**
 - Submit request to cognizant or oversight agency
 - Consideration of significant and unavoidable circumstances
 - Impact on other project activities
- **Extension Criteria**
 - Not granted solely to maintain low-risk auditee designation
 - Incidental result of extension possible
- **Guidance and Notification**
 - Guidance provided in OMB Memorandum M-24-11
 - Agencies must inform relevant Federal agencies and OMB
 - Consistent extensions ensured by OMB in significant events
 - Agencies must notify recipient of decision

Managing Awards Pre-2024 and Post-2024 Revisions

- Managing Awards Pre-2024 and Post-2024 Revisions
 - Simultaneous management of awards pre-2024 revisions and new awards under 2024 revisions
 - Organizational changes may be needed for new awards
 - Flexibilities of new revisions do not apply to awards issued before 2024 revisions
- Collaboration with Federal Agencies
 - Outline specific requirements for each Federal award
 - Federal agencies can assist with questions on systematic changes
 - Impact of internal controls and mandatory disclosure procedures on compliance

Actionable Steps for Compliance

- Review Uniform Guidance document and COFFA crosswalk
 - Identify changes impacting your agency
- Assess existing grants for amendments
 - Discuss with granting agencies as needed
- Revisit pending grant applications
 - Submit additional or updated information if required
- Update policies
- Review subaward activity
- Evaluate overall grant management
- Review Indirect and Direct Costs
- Review Indirect Cost Rate
- Prepare for Single Audit Reporting

POLLING QUESTION #4

When the new Single Audit threshold takes effect, do you anticipate your organization still needing a Single Audit on a regular basis?

- Yes
- No

Questions?

Contact



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RAFFLE TIME FOR IN-PERSON

1:30 PM – 1:40 PM

BREAK: 1:40 PM – 1:50 PM

The next presentation will begin promptly at 1:50 PM



10 MINUTE BREAK

The next presentation will begin promptly at 1:50 pm



ERP Panel: Implementation Lessons Learned

Your Host & Panel



Kelly Telford, CPA
Partner, Consulting &
Advisory
LSL



Graciela Gutierrez
Auditor-Controller
Butte County



Jennifer Tomaszewski
Finance Director
City of Grand Junction



Louis Li
Accountant
**(Former) City of Seal
Beach**

POLLING QUESTION #1

How long have you had your current ERP system?

- 1-3 years
- 4-8 years
- 9-15 years
- More than 15 years

POLLING QUESTION #2

**If you've replaced your ERP system in the last few years,
was your experience good or bad?**

- Good
- Bad
- Not Applicable

POLLING QUESTION #3

Is your organization looking to replace your ERP system in the next two years?

- Yes
- No
- Not sure

POLLING QUESTION #4

Was it helpful hearing about other people's experiences?

- Yes
- No

Contact LSL



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Wrap up

Thank you for joining!

Contact Us



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