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Auditor of State



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Audit Update LGOC Spring 2012

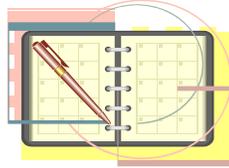
Presented by: Joey Jones, CPA
Assistant Chief Auditor

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Agenda

- 2011 & 2012 AOS Bulletins
- Auditing GASB 54 financial statements
- Questions



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AOS Bulletins

- 2011-001 Estimating historical cost of capital assets using CPI
- 2011-002* LEAP
- 2011-003 AOS rescinds ARRA tracker
- 2011-004* GASB 54
- 2011-005 School 412 requirements



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AOS Bulletins



- 2011-006* Best practices for responding to public records requests
- 2011-007* ORC 505.24 & 507.09
- 2011-008* Individual and joint self insurance legislative changes



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2012 AOS Bulletins

- 2012-001 State agency contract procedures
- 2012-002 Community school sponsor ORC changes



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2011-002 LEAP

- Leverage for Efficiency, Accountability and Performance Fund
- Application
- Selection based on a number of factors
 - financial need
 - previous actions taken to reduce costs and improve efficiency
 - commitment to implement changes



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2011-002 LEAP



- LOA
 - Scope of services
 - Timing of audit
 - Payment terms
- Amount due includes accrued interest
 - Accrued from the date the audit is completed until payment received date
- www.ohioauditor.gov/LEAP



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2011-004 GASB 54



- Five fund balance classifications
- Clarifies existing governmental fund type definitions
- Effective f/s beg after 6/15/10
- Five classifications of fund balance in GASB 54 is not a “restatement”
- Retroactive fund reclassifications



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2011-004 GASB 54

- Five fund balance classifications
 - Nonspendable
 - Restricted
 - Committed
 - Assigned
 - Unassigned



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2011-004

- Possible fund reclassifications
 - Compensated Absences
 - Underground Storage Tank
 - Zoning



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2011-004 GASB 54

True or False the five fund balance classifications are negative, reserved, committed, assigned, and unassigned



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2011-006 Public Records Request Best Practices

- Inspect-response must be prompt
- Copies-provide within a reasonable period of time
 - Underlined-not defined by a specific period of time
 - Court
 - Without delay
 - With reasonable speed



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2011-006 Audit Impact

- 2012 audit
- Analyze policies and procedures
- Determine if controls in place
 - Log is one example
- Aid auditor to analyze possible risks facing public entity



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2011-006



True or False - A public record log is required by law and if kept properly will ensure your public entity will not be sued?



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2011-007 Township Compensation

- Trustees and fiscal officer
- Paid from funds besides general fund
- Must certify time spent for pay period
- No certification if just general fund



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2011-007

- Other employees
 - Certification applies to Trustee and F/O
 - Documentation is required for others
 - Show breakdown of hours in time sheet with type of services performed
 - If paid from general fund only, this documentation n/a



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2011-007 Certification

- Certification completed prior to receiving his/her pay for that pay period
- Certification must be done individually, but is not required to be notarized
- Not required to be a time log
- Statement detailing the percentage of time the trustee/fiscal officer spent



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Payroll Certification

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Pay period XX/XX/20XX - XX/XX/20XX

TRUSTEE NAME/FISCAL OFFICER

The following breakdown represents the amount of time I spent in the service of these funds during this pay period:

40% ----- Township General Fund

30% ----- Township Road and Bridge Fund

10% ----- Township EMS Fund

20% ----- Township Cemetery Fund

I certify that the above percentages are an accurate representation of my time spent working in the service of those funds.

NAME _____

DATE _____

EXAMPLE

2011-007 Township Compensation



Township trustees and fiscal officer must certify their pay under which of the following circumstance:

- A) If the general fund has a deficit
- B) When salary is allocated to different funds
- C) When an amended certificate is executed
- D) When salary is paid from the general fund



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2011-008 Self Insurance Changes



- 2012 audit year
- Ohio Rev. Code § 9.833
 - Mandate programs take actions
 - Provides authority for political subdivisions to establish/participate in programs
 - Increased program reporting requirements



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2011-008 Program Reporting Requirements



- Filed with AOS
 - Yearly report from a member of the AAA
 - Certified audited financial statement-cpa
- Individual self-insurance programs for municipalities exempt



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GASB 54 Auditing Considerations

Auditor of State Bulletin 2011-004 mandated Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for financial statements for periods beginning after June 15, 2010.



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Question

- My auditor (Big Bad CPA) told me I need to go back and update my 2010 financial statements to retroactively implement GASB 54-Is this true?
- A) Yes
- B) No
- C) Maybe (depends if you can afford it)



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Implementing 54 for 2011- must you reflect in 2010 f/s?

- Fund balance reporting
- Fund type definitions
- GAAP or OCBOA
 - Yes
 - Unless issue separate reports
- Regulatory basis
 - No requirement to restate 2010



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Auditing GASB 54 Financial Statements

- Five governmental fund balance categories
 - nonspendable, restricted, committed, assigned, or unassigned
- Encumbered amounts included in restricted, committed, or assigned
- Encumbrances not displayed (notes)



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Auditing GASB 54 Financial Statement Disclosures

- Note Disclosures
 - Description of the five categories
 - Detailed information about any nonspendable, restricted, committed, or assigned fund balances that are aggregated on the balance sheet should be disclosed in the notes to the financial statements



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Auditing GASB 54 Financial Statement Disclosures

- Additional disclosures for constraints on amounts in committed and assigned
 - Committed fund balances
 - Highest level of decision-making authority
 - Formal action that is required to commit



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Auditing GASB 54 Financial Statements

- Additional disclosures for constraints on amounts in committed and assigned
 - Assigned fund balances



- The body of official authorized to assign amounts to a specific purpose
- The policy established by the governing body pursuant to which the authorization to assign amounts to a specific purpose is given



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Auditing GASB 54 Financial Statements

- Audit procedures for the five categories
 - Compare classification to Bulletin 2011-004
 - Review supporting documentation
 - Grant agreements, trust agreements
 - Ordinance/resolution
- Review notes for required elements



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Auditing GASB 54 Financial Statement Disclosures

- Note Disclosures
 - Stabilization amounts
 - Authority (statute or ordinance)
 - Requirements for additions
 - Conditions under which amounts may be spent
 - Stabilization balance, if not apparent on f/s
 - Purposes for each major s/r fund and rev
- We audit disclosures for required elements



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Auditing GASB 54 Financial Statements

- Additional Policy Disclosures
 - Whether restricted or unrestricted amounts are considered to have been spent when both avail
 - Whether committed, assigned, or unassigned amounts are considered to have been spent
 - Minimum fund balance amount, if the government has formally adopted such a policy
- Audit policy disclosures



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Quiz Time

I am a small Village and do not follow GAAP accounting so GASB 54 has no impact on my financial statements

- A) True
- B) False
- C) Is it break time yet?



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Questions?



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