

AGENCY 2023 Audit Programs

June 30, 2023

FUND BALANCE/NET POSITION

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. All and only properly authorized restrictions and commitments of the fund balance are recorded. (1,2,3)					
B. Components of fund balances are determined in accordance with state regulations and requirements.					
C. Components of fund balances and changes in fund balances are properly computed and are described, classified and disclosed appropriately in the entity-wide and/or fund financial statements. (4,10,11,12,13)					
Audit Procedures:					
A. Reconcile beginning and year-end fund balance. (Note: For convenience, the term "fund balance" is used in this section as a broad term to describe all components of fund equity. Restrictions of fund balance should be made for resources not available for spending or legal restrictions on spending. Unrestricted fund balance may be assigned or committed for self-imposed limitations. Fund equities for proprietary fund types consist of net position which may have restricted and unrestricted components.)					
B. Analyze and verify the changes in all fund balances and trace to supporting documentation, as applicable.	A,C				
C. Determine the proper classification of fund balances on the governmental fund financial statements:	C				
1. Review the Fund Definitions prepared by the GAAP Team located on SharePoint Office, Audit and Exam Resources> Fund Balance for:					
a. Definition of a fund.					
b. Major funding sources.					
c. Other revenues.					
d. Authorized expenditures.					
e. Code reference.					
f. Minimum fund balance requirement.					
g. Comments.					
2. If the information per the Fund Definitions does not agree with how the funds are used, funded or expended, contact the AOS ACFR Team.					
3. Fund balance will be classified as follows:					

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<ul style="list-style-type: none"> a. Nonspendable: <ul style="list-style-type: none"> 1) Inventories. 2) Prepaids. 3) Long-term amounts of loans/notes receivable. 4) Property acquired for re-sale. 5) Permanent endowments or permanent funds (non-spendable portion). Include documentation on how the amount was determined. b. Restricted: <ul style="list-style-type: none"> 1) External restrictions (for example, bond covenants or State legislation). 2) Enabling legislation (authorizes the governing body to assess, or otherwise mandate, payment of resources and includes a legally enforceable requirement the resources be used only for specific purposes). 3) Spendable portion of permanent funds. c. Committed – Amounts only available to be used for specific purposes determined by a formal action by the governing body prior to year-end. d. Assigned – Amounts constrained by Agency's intent to be used for specific purposes, but are neither restricted nor committed. e. Unassigned. 					
D. For separately issued financial statements, determine the proper classification of net position for the Statement of Net Position: <ul style="list-style-type: none"> 1. Net investment in capital assets. 2. Restricted net position: <ul style="list-style-type: none"> a. External restrictions (for example, bond covenants or State legislation). b. Enabling legislation (internal restrictions made by the governing body). 	C				

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