

CITY 2018 Audit Programs

June 30, 2018

FUND BALANCE

PROCEDURE	OBJ.	DONE BY	W/P REF	N/A	REMARKS
Audit Objectives and Related Assertions:					
A. All authorized restrictions and commitments of the fund balance are properly recorded. (1,2,3)					
B. Components of the fund balance are properly computed and are described, classified and disclosed appropriately in the financial statements. (2,4,10,11,12,13)					
Audit Procedures:					
A. Obtain or prepare a fund balance workpaper to determine the fund balance of each fund is separately stated and the unexpended balance of any special fund is properly accounted for.	A,B				
B. Determine each fund is properly classified by type in accordance with GASB Statement No. 54.					
C. Determine if fund balances have been properly classified:	A,B				
1. Nonspendable – permanent endowments or permanent funds (nonspendable portion).					
2. Restricted:					
a. External restrictions (for example, special levies, LOST, bond covenants or State legislation).					
b. Enabling legislation (authorizes governing body to assess, levy, charge or otherwise mandate payment of resources and includes a legally enforceable requirement the resources be used only for specific purposes).					
3. Committed – Amounts only available to be used for specific purposes determined by a formal action by City Council ordinance or resolution prior to year end.					
4. Assigned – Amounts constrained by the City Council's intent to be used for specific purposes, but are neither restricted or committed.					
5. Unassigned.					
D. Determine the City Clerk's report foots and trace ending balances to fund balance workpaper.					
E. Review ending account balances for material deficits and include comment and footnote disclosure, if appropriate, in report. Document City's plans to eliminate deficits, if any.	B				

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F. Determine special assessments are recorded in the proper fund and review for deficit balances and inactive funds. Recommend necessary transfers, if appropriate.	A				
G. For enterprise funds with deficit balances, determine if there is a net earnings violation (book transfers are made to sinking accounts per the bond/note resolution, but if the operating accounts are in a deficit position, the sinking accounts are not backed by cash) and comment if appropriate.	B				
H. Determine projects are appropriately accounted for in separate capital projects accounts.	B				
I. Review capital projects accounts for inactive accounts and recommend transfers to close these accounts.	B				
J. If a single fund is used to account for risk financing activities, determine whether self-insurance is properly recorded in the General Fund, a Special Revenue Fund or an Internal Service Fund rather than an Agency Fund.	A				
K. Review June 30 fund balances by fund to determine if balances were in excess of current year disbursements.	B				
L. If there are substantial fund balances, inquire of City to determine if it has any specific plans and commitments for the excess balance. Document conference.					
M. Document findings and identify purpose of any contingency.	B				
N. Examine journal entries and other adjustments made directly to the financial statements. (AU-C 240.32 and AU-C 330.21)					
1. Identify and test the appropriateness of significant adjustments made in the preparation of financial statements.					
2. Scan the journal entries throughout the period under audit and determine if testing is necessary. Document the items selected, if any.					
O. Annual Financial Report	A				
1. Reconcile the Annual Financial Report with the City's records.					
2. Investigate variances. Consider adjustments and/or comment for material variances.					

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<p>P. Document reconciliation of City's year-end financial statement for all funds to the Statement of Cash Receipts, Disbursements and Changes in Cash Balances in the audit report. Resolve any differences in balances. Document client adjustments or concurrence to adjust currently, if appropriate.</p> <p>Q. Determine fund balance disclosures are adequate.</p> <p>R. Determine if the risk of material misstatement due to fraud or error has changed based on results of substantive tests performed. If so, perform appropriate procedures.</p> <p><u>ALTERNATE/ADDITIONAL PROCEDURES:</u></p> <p><u>CONCLUSION:</u></p> <p>We have performed procedures sufficient to achieve the audit objectives for fund balances and the results of these procedures are adequately documented in the accompanying workpapers.</p> <p>Incharge _____ Date _____</p> <p>Manager _____ Date _____</p> <p>Independent Reviewer _____ Date _____</p>	B				