



# Your Guide to Government Audit Preparation and Year-End Close

December 4, 2024

**forv/s**  
**mazars**

# Meet the Presenters



**Tyler Hoffman, CPA**  
Audit Manager

469.780.8577

[tyler.hoffman@us.forvismazars.com](mailto:tyler.hoffman@us.forvismazars.com)

---



**Karen Kurtin, CPA, CFE, CGFO**  
Director, Government Outsourced Accounting –  
Public Sector Advisory Services

469.218.9173

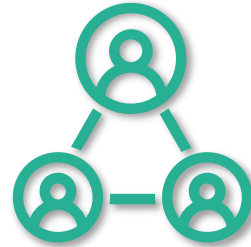
[karen.kurtin@us.forvismazars.com](mailto:karen.kurtin@us.forvismazars.com)

---

# Overview



An annual audit is an irreplaceable and useful tool to ensure that your internal controls are functioning as designed and your financial statements are materially correct.



Your auditor should be viewed as a resource, not an adversary.



As a result of the audit, opportunities for improvement might be identified, leading to effective and efficient procedures for the future.

- Challenge comments but don't be offended
- Take management letter comments seriously



# Agenda

1. When Should I Start Preparing for the Audit?
2. July–September
3. October–December
4. Year-End Close: January–March
5. Reporting Considerations
6. What If You Are Short Staffed?
7. Questions & Answers



# When Should I Start Preparing for the Audit?

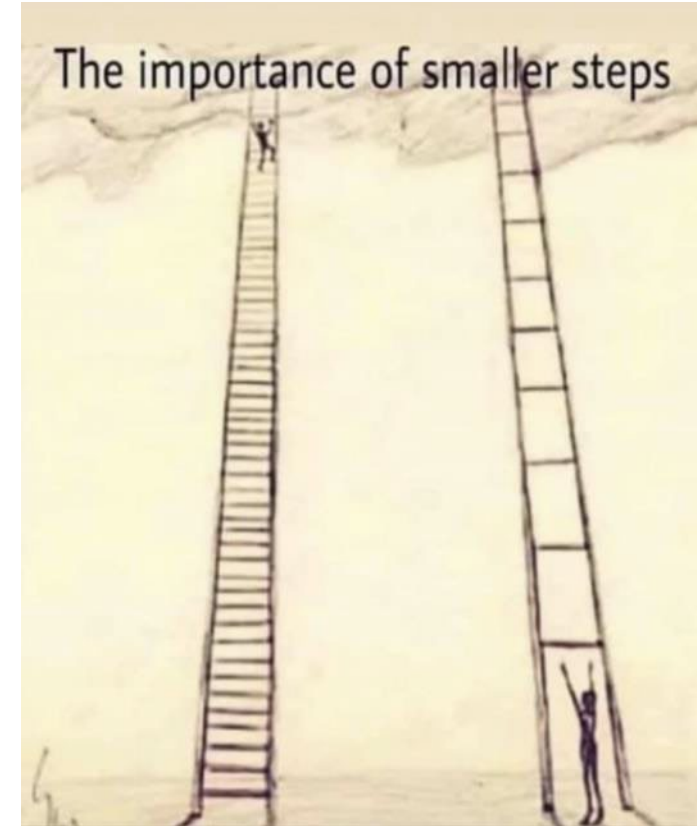


# When Should I Start Preparing for the Audit?

- As soon as the prior-year audit is issued, you can begin assembling information for the current-year audit.
  - Exit meetings are very helpful in planning for the next year!
- Audit prep happens with every payable, deposit, or journal entry that's posted. When the little entries are correct, the year-end GL is correct
- Questions along the way? Give your engagement executive a call!

# Take Small Steps Throughout the Year

- Capital Assets
- Leases and SBITAs
- Reconcile balance sheet accounts monthly
- Implement strong interdepartmental processes
- Work with vendors to speed invoice delivery
- Single audit programs/major programs
- Change credit/purchasing card cycles to month-end
- Keep records of new or closed cash and investment accounts as they occur





# Tips for Capital Assets, Leases, & SBITAs



- Capital Assets
  - Keep an electronic folder with vehicle additions and auctions/disposals. Include invoice packet or auction records
  - Schedule a quarterly meeting with Engineering/Public Works for status updates on new and existing capital projects
  - Review the current budget for talking points
- Leases & SBITAs
  - Inquire of departments quarterly of new leases, new SBITAs, and changes in terms to existing agreements
  - Work with purchasing to stay advised of new leases and SBITAs



**July–September**



# Fund Balance & Net Position

## **TASK 1: Make sure fund balance/net position agrees to the previously issued report**

- Have I received all adjustments made during the audit?
  - Internal AJEs (provided to auditors)
  - External AJEs (made by the auditors)
- Reach out to your auditors to get a copy of all journal entries made to the preliminary TB provided at the start of the previous audit



**October–December**



# Pension & OPEB

- Reporting packages are typically available six months after the measurement period year-end date – depending on your entity’s measurement date, there is an opportunity to get a jump start on pension and OPEBs at the end of the calendar year:
- Typical Auditor Requests:
  - New Hire Listing – aligns with measurement year
  - Termination Listing – aligns with measurement year
  - Payroll Register – aligns with measurement year
  - Monthly Contribution Reports – Save throughout the year
  - Annual Census Valuation File – Obtain from actuaries
- For participation in other plans (retiree health – OPEB; fire and police pensions, etc.), the key is to work with your actuary immediately after the measurement period year-end





# Long-Term Debt

- Assume payments are made twice a year
  - Start utilizing your rollforward, not just for audit schedules, but for tracking of activity throughout the year
- Perfect opportunity to start working with your bond counsel to see if any of your existing debt is subject to arbitrage
- Auditors can get majority of testing done, barring return of confirmations, during interim work
- This is a good time to work through any unusual activity during the year such as refunding

**Year-End Close:  
January–February**



# Benefits of an Efficient Year-End Close Process



Timely Reporting



Reliability of Information



Reduced Stress on Staff



Eases Preparation of Financial Statements



Ease of Audit Process

# Accounting Policies & Procedures

- Should address year-end close process in detail, including who is responsible and the due date
- Includes process to complete/compile financial statements including Final SEFA
- What reports do I need to run on the last day of the FY? Reach out to Utility Billing, Court, and other departments to confirm their plans



# SEFA & Compliance Testing

- Most grants require some form of intermittent reporting
- Consider updating a draft SEFA quarterly
- Utilize the draft SEFA to ensure expenditures match submitted reports and that you are capturing all of your revenue
- Quarterly reconciliations ensure that all expenditures are captured, but also any miscellaneous grants that don't have too much activity are reflected

# Reference Materials

- GFOA Best Practice Document:
  - *Timely Financial Reporting*
    - <https://www.gfoa.org/materials/timely-financial-reporting>

# Reporting Considerations



# Communication Is Key

- Other departments across the City
- Auditors
- Component Units/related parties
- Actuaries and other custodians of information

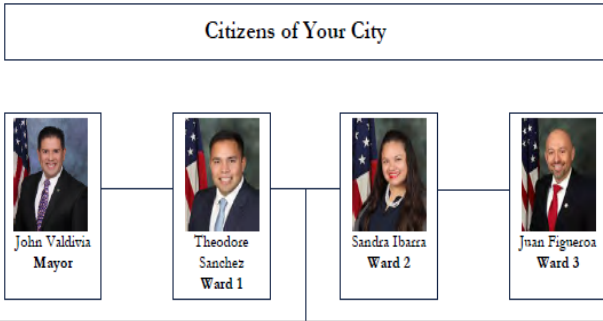
Good communication is the  
key to success





# Introductory Section

## What Can I Gather Up Now?



### Organizational Chart

Have there been new departments added or combined since last year?

### Management’s Discussion and Analysis

This is a key document in the ACFR and possibly the most read.

Before the detailed numbers, spend time thinking about the big changes and reasons for them.

New construction projects?

Changes in Sales Tax/Hotel Motel Occupancy Tax, etc.

Debt issuances or refundings?

### GFOA Certificate of Achievement

By submitting your ACFR, checklist, and comments response timely, the GFOA will provide its assessment timely.

### Transmittal Letter

Generally, there are not too many changes from year to year.

Update based on current-year activities.

# Budget to Actual

## Consistency & Comparability

- Ensure groupings are consistent with the PY ACFR
- Consider creating a shared budget folder
- How to address unbudgeted items? Indirect costs?
- Gather budget amendments as they are approved and consider their line-item impact
- Work with your auditors to ensure consistency with the final trial balance. How are they grouping?
- Know which budgets are required for disclosure in the ACFR – typically required for General Fund, Debt Service Funds, and Special Revenue Funds



# Statistical Section

## Get a Jump Start Before Year-End



### Reach out early to other departments for help

- Typically, the first 4 to 5 tables get completed during the audit (tied to final GL balances)
- Remaining schedules can be prepared throughout the year
  - It's a matter of knowing how they are reported
  - Some information must be provided by various departments (utility, public works, etc.)
  - Some information is available at the end of calendar years from various reporting agencies (i.e., Texas Comptroller, Appraisal Districts, etc.)



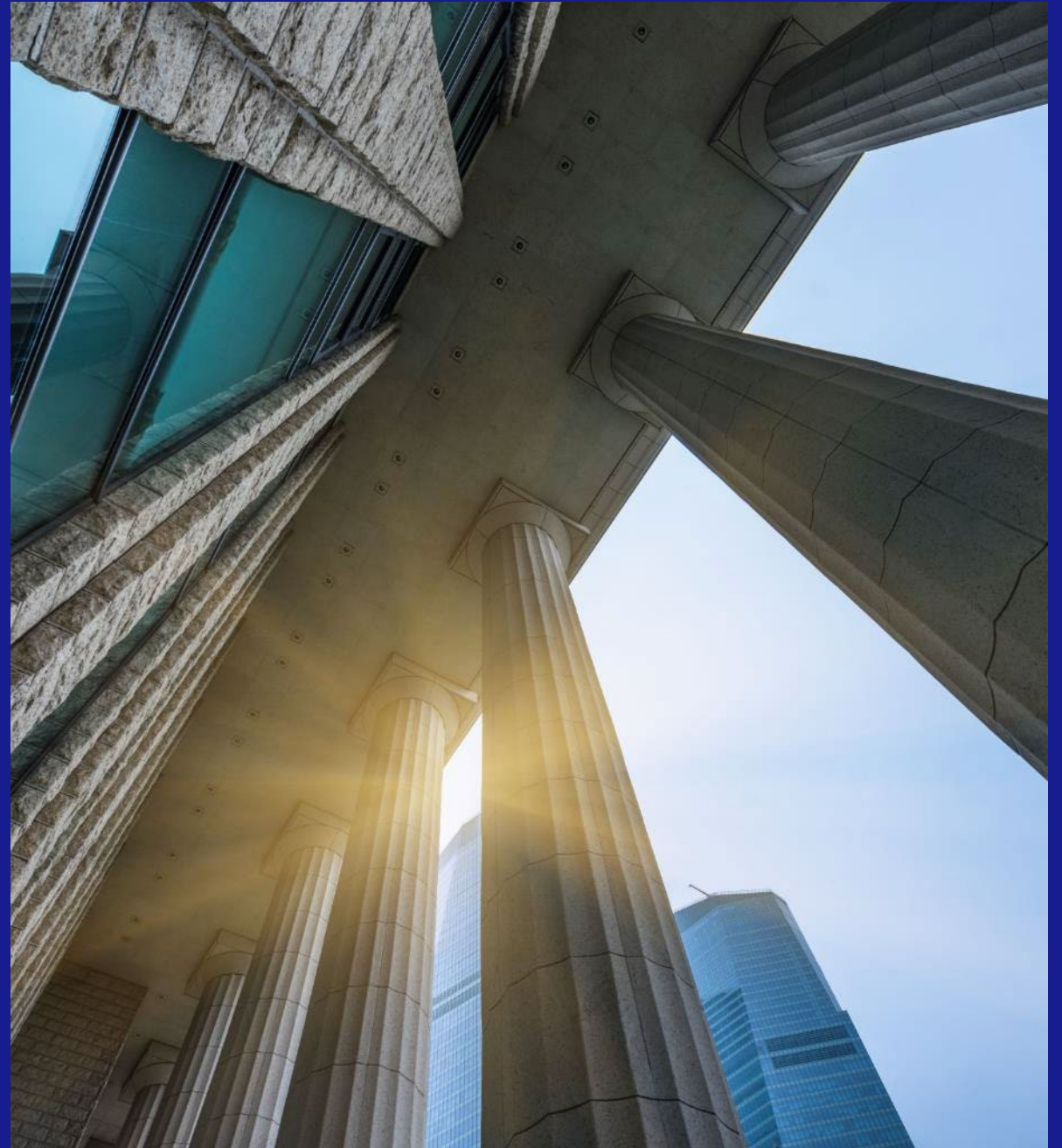
**If You Find That You  
Are Short Staffed ...**





# Consider Public Sector Advisory Services

- Government Outsourced Accounting Services
- The Reporting Solution
- Grants Management



# Government Outsourced Accounting Services



Cash & Equivalents



Receivables



Capital Assets



Leases, SBITA Assets, & Liabilities



Accounts Payable & Retainage Payable



Compensated Absences



# Government Outsourced Accounting Services



Long-Term Debt/Pension/OPEB

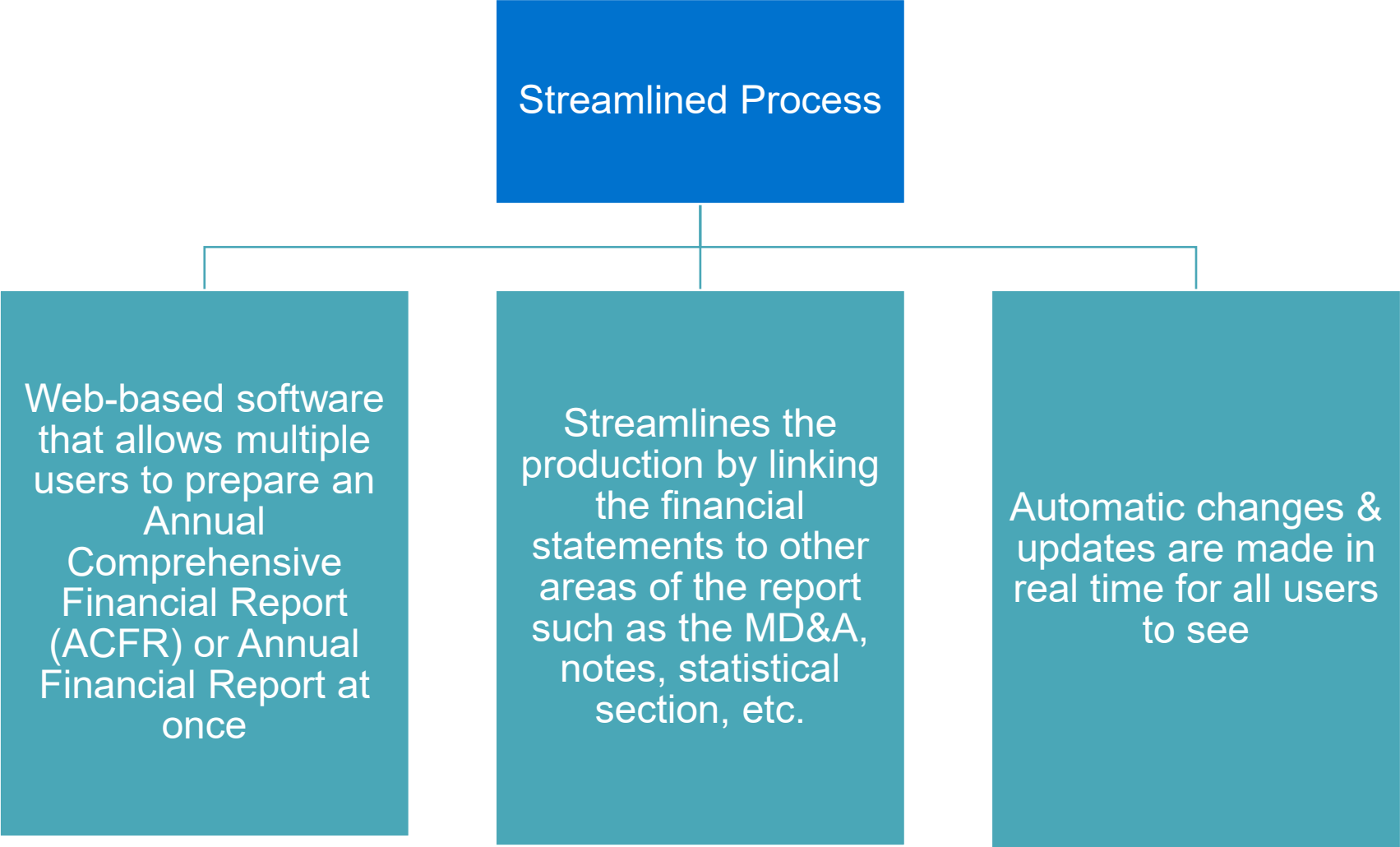


Single Audit



ACFR Preparation

# The Reporting Solution (TRS)





# Grants Management

Strategic Planning & Development

Grant Policies & Procedures

Allowable Costs by Funding Source

Subrecipient Monitoring

Single Audit Preparation, Project Closeout, & Reporting

# Questions & Answers



# Contact

## Forvis Mazars

### **Tyler Hoffman, CPA**

Audit Manager

P: 469.780.8577

[tyler.hoffman@us.forvismazars.com](mailto:tyler.hoffman@us.forvismazars.com)

### **Karen Kurtin, CPA, CFE, CGFO**

Director / Government Outsourced Accounting – Public  
Sector Advisory Services

P: 469.218.9173

[karen.kurtin@us.forvismazars.com](mailto:karen.kurtin@us.forvismazars.com)

The information set forth in this presentation contains the analysis and conclusions of the author(s) based upon his/her/their research and analysis of industry information and legal authorities. Such analysis and conclusions should not be deemed opinions or conclusions by Forvis Mazars or the author(s) as to any individual situation as situations are fact-specific. The reader should perform their own analysis and form their own conclusions regarding any specific situation. Further, the author(s)' conclusions may be revised without notice with or without changes in industry information and legal authorities.

© 2024 Forvis Mazars, LLP. All rights reserved.