

2023
PRE-AUDIT
WORKSHOP SCHOOL
DISTRICTS & COES

Aubrey W. Mann, CPA



Agenda

- GASB 87 Revisited
- GASB 96
- Single Audit Considerations
- State Compliance
- Considerations for Closing
- Preparing for the Audit

Imperial County: August 2, 2023

9:00 AM – 11:00 AM

2 Hours CPE



GASB 87 Revisited

RECORDED PRIOR TO 2022-23

- Record payments to object codes 7438 & 7439 (Principal and Interest)

DO NOT RECORD TO OBJECT 5600

- If we helped with the payment schedules and you cannot locate your copy, let us know. We still have them and can send.

NEW IN 2022-23

- Calculate using worksheet
- Borrowing rate may have changed for each District
- Record entirety of lease to objects 8792 and 6600
- Record payments to object codes 7438 & 7439 (Principal and Interest)

DO NOT RECORD TO OBJECT 5600

GASB 87 Calculations in Excel

- Fill out Name of Lease
- Fill out top portion (term, payment, interest rate, etc.)
- Start Payment Numbers with corresponding start of Lease
- Use “What If” Analysis Tool to Back into PV of the Lease Payments
- Update Amortization Expense Amount (Not a Formula in Spreadsheet)

GASB 87 Incremental Interest Rate

- If there is a stated rate in the lease, use that rate.
- If not use an incremental borrowing rate:
 - *Bank Provided*
 - *Same as another loan entered into during 2022-23*
 - *Ask Financial Advisor*
 - *Another means that can be supported*

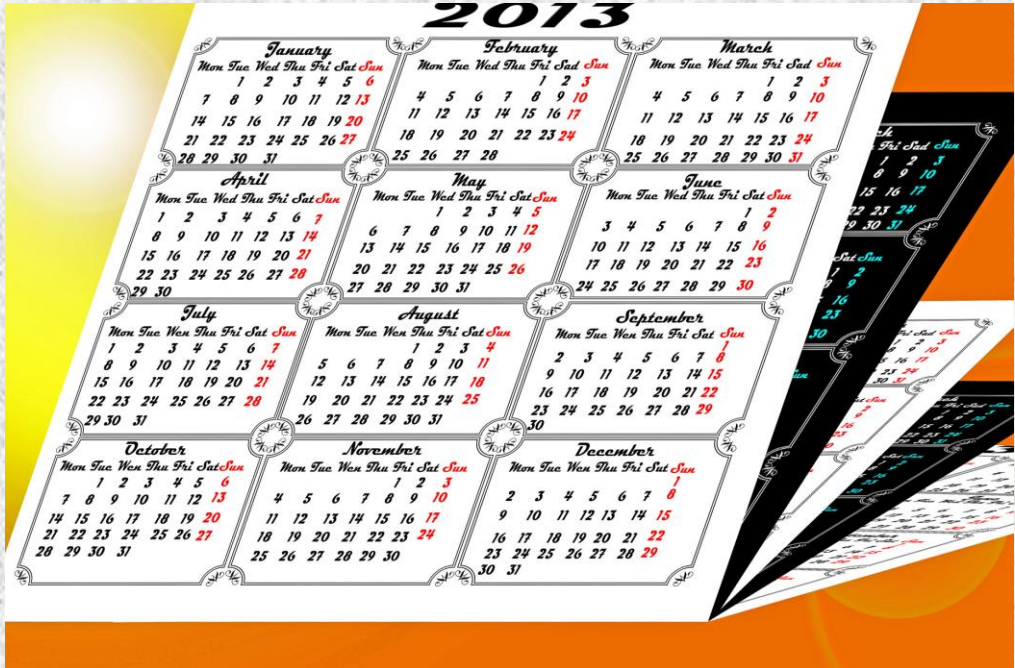


GASB 87 Terms

Noncancelable Period

Options to Terminate when NOT Certain to Be Exercised

Options to Extend when it is Reasonably Certain to Be Exercised



GASB 96: Subscription-Based Information Technology Arrangements (SBITAs)

- Based on GASB 87
- Applies when you have the “Right to Use” Software for a period of time.
- NEW SBITAs
 - *Debit Object 6700*
 - *Credit Object 8974*
- Payments on SBITAs
 - *Debit Objects 7438, 7439*
 - *Credit Object 9110 (Unless previously recorded, then reverse expenditure object)*



MATERIALITY

- It is the opinion of GASB that internally designated materiality levels for governments is equal to internally designated capitalization thresholds.
 - \$5,000 is a low threshold that was established by many school districts when implementing GASB Statement No. 34
 - If you have not updated your capitalization thresholds since implementing GASB Statement No. 34, please consider updating the threshold.
 - You can have different thresholds for different purposes, but there should be a reason or justification to what you are selecting.
-

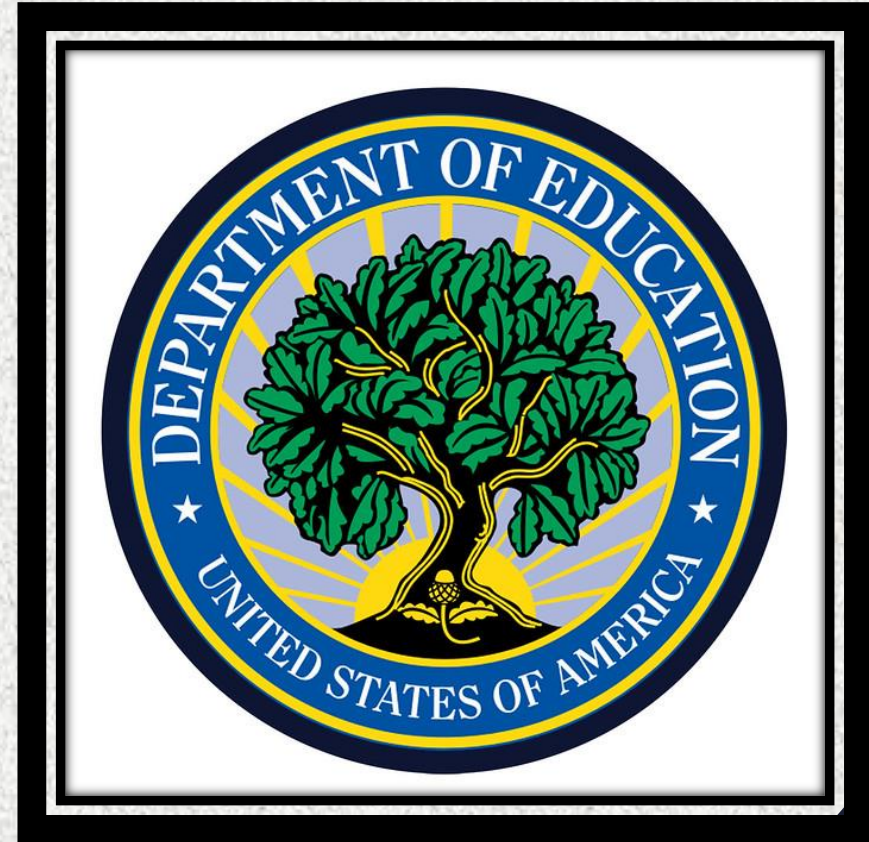
Single Audit Considerations

- ESSER was audited heavily in past 2 years, so different programs probable in 2022-23 Audits.
- Is your federal time accounting documented correctly?

CSAM Procedure 905

- If you have utilized digital signatures, does it meet Government Code Regulations?

<https://www.sos.ca.gov/administration/regulations/current-regulations/technology/digital-signatures>



Single Audit Considerations



- The **#1 Audit Finding** in federal compliance for school districts is Federal Time Accounting.
- Salaries/Benefits **MUST** be based on actual time and not budgeted time.
- If you are using payroll records to create your federal time accounting then you are basing it on budget.
- Multi-Funded employees may require journal entries to get recorded correctly.

State Compliance 2022-23

NEW

- Home to School Transportation Reimbursement
- Independent Study Certification for ADA Loss Mitigation
- Educator Effectiveness
- Expanded Learning Opportunities Grant (ELO-G)
- Career Technical Education Incentive Grant
- Transitional Kindergarten

REVISED

- Independent Study
- Independent Study – Course Based
- Non-Classroom Based Attendance for Charter Schools

State Compliance 2023-24

NEW

- Expanded Learning Opportunities Program – (ELO-P)

REVISED

- Home to School Transportation Reimbursement
- Transitional Kindergarten

Audit Guide for 2023-24 anticipated to change with final version available on March 1, 2024

Current version found at:

<https://eaap.ca.gov/>

ELO-P

Education Code §46120



- Not Optional
- Findings anticipated
- Some of the Problems:
 - *Staffing the program*
 - *Transportation*
 - *9-hour day*
 - *30 supplemental non-school days*

If you made a good faith effort to comply and still have a finding, the “Summary Review” or “Appeal Process” with EAAP may be of benefit to you after 2023-24 audit is accepted by California State Controller’s Office.

Considerations for Closing Funding Reduction in 2 Programs

ARTS, MUSIC & INSTRUCTIONAL MATERIALS BLOCK GRANT

- Resource Code 6762
- When accruing A/R use revised appropriation amount.



LEARNING RECOVERY EMERGENCY BLOCK GRANT

- Resource Code 7435
- Accrue an Accounts Payable for the overpayment

There will not be an invoice, CDE will likely withhold payment from LCFF apportionment

Considerations for Closing Cash in County Treasury FMV Adjustment

- If your county treasury has provided the information already the FMV adjustment workbook is on Suralink.
 - If we are waiting on information from your county treasury it will be posted to Suralink once available.
 - To avoid audit adjustments:
 1. *Reverse prior year FMV adjustments to zero out Object 9111*
 2. *Complete FMV workbook*
 3. *Post FMV Adjustment for 2022-23*
-

Considerations for Closing

ENTERPRISE & OTHER FULL ACCRUAL FUNDS

- If you have a full accrual fund please ask us about what entries to make for GASB 34, GASB 68, GASB 75, GASB 87, and GASB 96 before closing the books.

GASB STUFF

- GASB 68 Workbook on Suralink
- On-Behalf Payments Workbook on Suralink
- PLEASE remember to get your OPEB Actuarial Report for 2022-23
- PLEASE remember to post GASB 85 entries for ASB Funds.
- We can help with GASB 87 & GASB 96

Preparing for the Audit

- Audit Request List for FINAL will be added to Suralink
- If we do not have access to your financial system (Escape, Peoplesoft, etc.) we will have a section in Suralink for items that we will need 2 weeks before audit dates.

This will allow us to make selections to give you 1 week before the audit, so you have time to pull documents and have ready for us.

- If we request something that feels overwhelming or difficult, please talk to us about it.

Depending on what it is we may modify what we are asking for or we may explain why it is needed.

Audit Goals

- NO Extensions

Unless there is an extenuating circumstance

- Audit Dates → Audit Report

September → October 15

October → November 15

November → December 15

Meeting these dates is 100% dependent on having everything we need during the audit dates scheduled.



Wilkinson Hadley King & Co. LLP

Contacts

- Aubrey W. Mann, CPA
amann@whkcpa.com
- Brian K. Hadley, CPA
bhadley@whkcpa.com
- Kevin A. Sproul, CPA
ksproul@whkcpa.com
- Alec Baker
abaker@whkcpa.com
- Steven Lemus Garcia
sgarcia@whkcpa.com
- Laura Juarez-Reyes
ljuarez@whkcpa.com
- Angelo Lopez Garcia
agarcia@whkcpa.com
- Lincoln Melges Gomes
lmelgesgomes@whkcpa.com

- David Gil
dgil@whkcpa.com
- Krithin Ramakrishna
kramakrishna@whkcpa.com
- Hanna Smedley
hsmedley@whkcpa.com
- Breelynn Saucedo
bsaucedo@whkcpa.com
- John Wilkinson
jwilkinson@whkcpa.com
- London Buttar
lbuttar@whkcpa.com
- Nicole Eberhard
neberhard@whkcpa.com
- Christopher Ray
cray@whkcpa.com

- Kevin S. Gillard
ksgillard@whkcpa.com
- Eileen Smith
esmith@whkcpa.com
- Donna Arps
darps@whkcpa.com
- Stephanie Lancaster-Bevis
Slancaster-bevis@whkcpa.com
- Amy Romiguere
aromiguere@whkcpa.com

Website: <https://whkcpa.com>

Phone: (619) 447-6700

Fax: (619) 447-6707