



2020 Winter Workshop Training and Speakers

Friday, January 17, 2020 – 8:15-9:15 am
**Internal Controls with Limited Resorts and Cash
Handling Challenges for Remote Sites and Events**



This session will take a close look at best practices in internal controls and their importance in effectively managing and operating the treasurer's office. It will dive deeper into how to achieve the best practices when dealing with limited resources and solutions on the challenges of cash handling at off-site locations and special events.



Keith Szymanski, CPA, Plante Moran

27400 Northwestern Highway, Southfield, MI, 48034
Keith.Szymanski@plantemoran.com · 248.223.3591

Keith is an audit associate with Plante Moran, PLLC. He joined Plante Moran in 2007 after graduating from the University of Michigan. Keith specializes in serving cities, townships, and other governmental entities as an auditor and ongoing advisor in accounting and various financial matters. He is an instructor for various Plante Moran training seminars.

Keith is a member of the American Institute of CPAs and Michigan Association of CPAs.



Christopher Gilbert, CPA, Plante Moran

4444 W. Bristol Road, Suite 360, Flint, MI 48507
810.766.6008; Christopher.Gilbert@plantemoran.com

Chris is an audit manager with over five years of experience providing audit and assurance services to Plante Moran's governmental clients, primarily local units of government. He works on audit engagements including those with single audits and financial statements that are submitted to the GFOA's Certificate of Achievement for Excellence in Financial Reporting program. He has assisted multiple governmental entities with planning and implementation for GASB statements 67, 68, 74, and 75, among others. When not working on

governmental audits, Chris enjoys participating in recreational basketball and flag football leagues and spending time with friends and family.



plante moran | Audit. Tax. Consulting.
Wealth Management.

Internal Controls with Limited Resources and Cash Handling Challenges with Remote Sites and Events

Keith Szymanski & Chris Gilbert



Agenda

- Internal Control Basics
- Internal Controls with Limited Resources
- Cash Handling Challenges with Remote Sites and Events



Definition of Internal Control

Internal control is a process – effected by those charged with governance, management, and other personnel - designed to provide reasonable assurance regarding the achievement of the internal control objectives including reliability of financial reporting and safeguarding of assets.





Limitations to Internal Controls

- Human error
- Deliberate circumvention
- Collusion
- Management override
- Cost/benefit considerations
- Staffing limitations





Types of Controls

Preventative Controls

- Designed to prevent an error or fraud from happening in the first place (typically applied BEFORE the processing activity occurs)
- Example: The bank requires two people to execute a cash transfer – one to initiate and another to approve

Detective Controls

- Don't prevent errors or irregularities, but do identify them in a timely manner, which hopefully allows them to be corrected (typically performed AFTER processing has been completed)
- Example: A bank reconciliation is performed at the end of the month



Cash Receipting

Best Practices

- Assign the receiving of cash to those persons authorized by the Treasurers office
- Adequate segregation of duties which includes cash collecting, depositing, reconciling, and reporting
- Developing and following policies and procedures
- Balancing and depositing the cash daily
- Timely reconciliation to the general ledger



Cash Receipting

Controls with Limited Resources

- Preventative Controls
 - Cash is kept in a secure cash box, register, or safe
 - Policy requiring a receipt for all transactions
 - Independent approval of voids
 - Cash deposit is placed in a sealed bag
- Detective Controls
 - Independent end-of-day reconciliation of cash drawer to system
 - Independent verification that proper amount was deposited in the bank
 - Monthly bank reconciliations
 - Budget to actual review of revenue



Bank Reconciliations

Controls with Limited Resources

- Preventative Controls
 - Employee #1 (restricted from cash receipt, cash disbursement, and journal entry functions) prepares the cash account reconciliation. Employee #2 is independent of these functions and performs a timely review
- Detective Controls
 - Independent review of cash account reconciliations and related accounting entries
 - Independent review of original bank statements
 - Independent online review of bank activity



Cash Transfers

Controls with Limited Resources

- Preventative Controls
 - Ability to initiate and approve cash transfers are appropriately separated and are limited to the appropriate individuals
 - Example: Employee #1 initiates an online transfer and Employee #2 authorizes and approves transfer (neither employee can perform both procedures for the same transaction)
 - Granting access to online banking requires second approval
 - Creation of payees/transfer recipients requires second approval
- Detective Controls
 - Independent review of cash account activity and reconciliations
 - Independent review of journal entries
 - Independent review of online bank access and changes
 - Notification emails are sent to a second employee for every transfer, new user, new payee



Cash Disbursements

Best Practices

- Verification goods or services have been received
- Dual signatures on checks
- Appropriate documentation attached to check copy
- Positive pay
- Utilization of purchase orders
- Purchasing policy should be in place to control the disbursement process
- All invoices should be initialed or marked after payment to prevent the reuse of invoices in the system
- Duplicate invoices should be destroyed or stamped to indicate that they are duplicated
- Checks should be pre-numbered and the numerical sequence be accounted for
- Segregation of duties



Cash Disbursements

Controls with Limited Resources

- Preventative Controls
 - Department heads must approve invoices for payment
 - Independent person reviews checks and supporting documentation
 - Checks are not signed until reviewed and approved
 - Addition of new vendors to the system requires secondary approval
- Detective Controls
 - Board/council reviews all disbursements at regular meetings
 - Periodic review of budget to actual reports
 - New vendor information is reviewed on a periodic basis



Journal Entries

Best Practices

- Must follow Uniform Chart of Accounts
- Maintain record of all manual adjustments (with support)
- YTD budget to actual review is required at least quarterly
- Segregation of duties (initiation and approval of journal entries)
- General ledger maintains log of users posting entries





Journal Entries

Controls with Limited Resources

- Preventative Controls
 - Journal entries are appropriately supported and authorized
 - Employee #1 initiates journal entries and Employee #2 approves and posts
 - The individuals with administrative access rights to the IT system do not have the ability to post journal entries in financial applications and vice versa
- Detective Controls
 - Employee #1 posts journal entries and Employee #2 reviews
 - An individual reviews journal entry access changes on a periodic basis



Information Technology General Controls

Controls with Limited Resources

- Preventative Controls
 - HR or management level individuals request the granting, changing, or removing access to network or core financial applications and prevent assignment of incompatible duties
 - All users have unique user IDs and unique passwords and amount of allowable unsuccessful logins is adequate
 - Access to the internal network is protected from external threats through a firewall
 - Controls exist to ensure that data is adequately backed up and capable of being accurately restored
- Detective Controls
 - Periodic user access reviews are performed
 - Network and system activity logs are reviewed by IT periodically
 - Independent review of financial and accounting reports



Payroll

Best Practices

- All timecards should be approved by an individual knowledgeable of employee activities
- Payroll inputs and exception reports should be reviewed
- Pay rate changes should require approval or there should be a periodic review of all changes
- Sick and vacation time should be tracked within the payroll module
- Employee reimbursements should require independent review and approval



Payroll

Controls with Limited Resources

- Preventative Controls
 - Timecards are reviewed by supervisors
 - Employee #1 receives timesheet/payroll data and inputs into system. Employee #2 performs an independent review before payroll is processed
 - Exception reports are reviewed prior to payroll processing
 - Employee that processes payroll is does not have the ability to change employee pay/rates or add/remove employees to the system
- Detective Controls
 - Employee #1 receives timesheet/payroll data and inputs into system. Employee #2 performs an independent review after payroll is processed
 - Independent review of budget to actual reports



Internal Controls with Limited Resources

Summary

- In theory, reasonable internal controls can be achieved with just two people. Employee #1 performs the work and Employee #2 reviews and/or approves the work performed
- Employee #2 must have the skills and knowledge to be able to identify improper or unusual activity





Cash Handling Challenges with Remote Sites and Events

Overview

- Receiving cash at locations outside of the treasurers office is inherently riskier
- The cost to implement controls should be proportionate to the risk/amount of money involved
- Greater controls can be achieved at permanent locations as opposed to temporary ones





Cash Handling Challenges with Remote Sites and Events

General Cash Controls

- Written and approved cash handling procedures should exist and be shared with all individuals involved in handling cash
- The number of people with access to cash should be as limited as reasonably possible
- Cash should be in a secure box, register, or safe and locked when not in use
- Checks are restrictively endorsed upon receipt or at the end of the shift
- Cash handling sites should have alarm devices and/or videotaped surveillance, if practical



Cash Handling Challenges with Remote Sites and Events

Cash Register Best Practices/Preventative Controls

- Limit access to the cash register to appropriate individuals
- Do not allow “no sale” transactions or require a manager for such transactions
- Manager should review and approve voids at the time of the transaction
- Receipt numbers should be automatically generated by the register
- Have cash register interface with general ledger for automatic posting of daily activity



Cash Handling Challenges with Remote Sites and Events

Cash Handling Controls Without a Register

- Keep cash in a locked box
- Utilize pre-numbered receipts
- Utilize tickets and segregate cashier from ticket-taking





Cash Handling Challenges with Remote Sites and Events

Cash Handling Detective Controls

- Independent verification of numerical sequence of cash receipts
- Independent reconciliation of cash received to tickets sold/number of participants
- Independent end-of-day reconciliation of cash received to register tape or other log
- Investigate over/short amounts to the extent possible



Cash Handling Challenges with Remote Sites and Events

Other Cash Handling Controls

- Deposits should be completed within 24 hours or the next business day
- Locking deposit bags should be used and deposits held overnight must be secured in a safe
- Verify that the amount deposited agrees to the end-of-day reconciliation



Questions?





Thank You!



Keith Szymanski

248.223.3591

Keith.Szymanski@plantemoran.com

Chris Gilbert

810.766.6008

Christopher.Gilbert@plantemoran.com



2020 Winter Workshop Training and Speakers

Friday, January 17, 9:30-10:30 am

TIME MANAGEMENT: From Distracted to Productive: Finding Your Productivity and Focus in a Hyper-Interrupted E-World


E-mail. Texts. Interruptions. Project Transitions. Office Clutter. Social and Other Media. Your Smart Phones and Tablets. Even Family and Friends. How do you manage all of these “squirrels” that are driving you crazy? These key “distractors” sometimes make it almost impossible to get anything done. It sometimes seems like there is always at least one SQUIRREL getting in the way of what you really need to do. But with some forethought and effective strategies, as well as some personal discipline, it is more than possible to find your focus once again, even in a hyper-distracted world. As a matter of fact, those using these strategies will have a long-term competitive advantage -- both professionally and personally. In this new program by popular time and tech management speaker Randy Dean, MBA, we'll look at each of these key areas of distraction and define strategies for enhancing long-term focus, productivity, and performance. We'll share “game plan” ideas for getting and keeping your distractors (SQUIRRELS!) under control, and finding critical “focused productivity” time each and every day, leading to not only performance but also clarity of mind and purpose.



Randall Dean, Keynote Speaker

803 Longfellow Drive, East Lansing, MI 48823
randy@randalldean.com · 517-336-8906

Randy Dean, the “E-mail Sanity Expert”® is a professional speaker and expert on time and e-mail management, effective organization, and the related use of technology. For more than 25 years, Randy has been leading programs for major corporate, university, association, and government audiences. Obsessed with time management and personal productivity, he left a successful career as a graduate program admissions director, professional marketer and manager to become a leading speaker and trainer. The author of the recent Amazon bestseller, *Taming the E-mail Beast*, and producer and creator of six video self-study courses, he has led programs for thousands of satisfied and inspired students, managers, and professionals on being more productive with their time and life. His highly informative and entertaining programs leave audience members with immediately-usable tools, strategies, and skills on how to better manage their time, technology, and information overload following their program experience.



From Distracted to Productive

Finding Your Focus in a Hyper-Interrupted, e-Distracted World

Presented by
Randall (Randy) Dean
 President, *Randall Dean Consulting & Training, LLC*

A Leading Time Management/Smart Device/E-mail & Info Overload Training Firm

Originally published and presented 2016. © Randall F. Dean 2016 - 2018.

Randall Dean Consulting & Training, LLC

1

So why are people so distracted???

- E-mails
- Text Messages/IM
- Smart Phones & Tablets
- Voice Mail
- Faxes
- Social Media
- “Snail” Mail
- Office Clutter
- Traditional Media/News
- Interruptions
- Even Family & Friends
- The “Rise” of A.A.D.D.

2

Agenda of Program

- Introduction/Statistics of Distraction
- Handling & Managing E-mail & Info Overload
- Reducing the Impact of Unexpected Interruptions
- Smart Phone Insanity
- Outlook & Google Tips
- Planning/Working Your Day For Higher Productivity
- Owning Your Technology (Rather than it owning you!)

Randall Dean Consulting & Training, LLC

3

Let's Talk E-mail! The Harsh REALITY

2 HOURS

Randall Dean Consulting & Training, LLC

4

Distraction Reality The Troubling Statistics

- ⊃ More than half of professional e-mail users spend 25 – 50% of their day doing e-mail
- ⊃ Only 1-3% have had formal training
- ⊃ Average user reads EACH AND EVERY e-mail 3-7 times before taking action on it, “tasking it”, or adding to calendar
- ⊃ 20-25% of workers check their e-mail 20 or more times per day
- ⊃ 82% of all e-mails globally are now junk or spam

Randall Dean Consulting & Training, LLC

5

Distraction Reality The Troubling Statistics

- ⊃ More than half of professional e-mail users spend 25 – 50% of their day doing e-mail
- ⊃ Only 1-3% have had formal training
- ⊃ Average user reads EACH AND EVERY e-mail 3-7 times before taking action on it, “tasking it”, or adding to calendar
- ⊃ 20-25% of workers check their e-mail 20 or more times per day
- ⊃ 13% of Smart Phone users now show signs of clinical addiction
- ⊃ The typical user looks at their phone 50 - 150 times per day!
- ⊃ Many people report getting interrupted between 10-25 times daily by work-related phone calls, “stop bys”, and texts
- ⊃ 95% report being “distracted” at some point during the day
- ⊃ Those reporting higher distraction also report higher overwhelm

Randall Dean Consulting & Training, LLC

6

To Control Distraction, You Need Strategies!

Randall Dean Consulting & Training, LLC

7

The Two Key Ways E-mail is Owning You:

1. Checking far too often
2. Reading same messages over
and over again

Randall Dean Consulting & Training, LLC

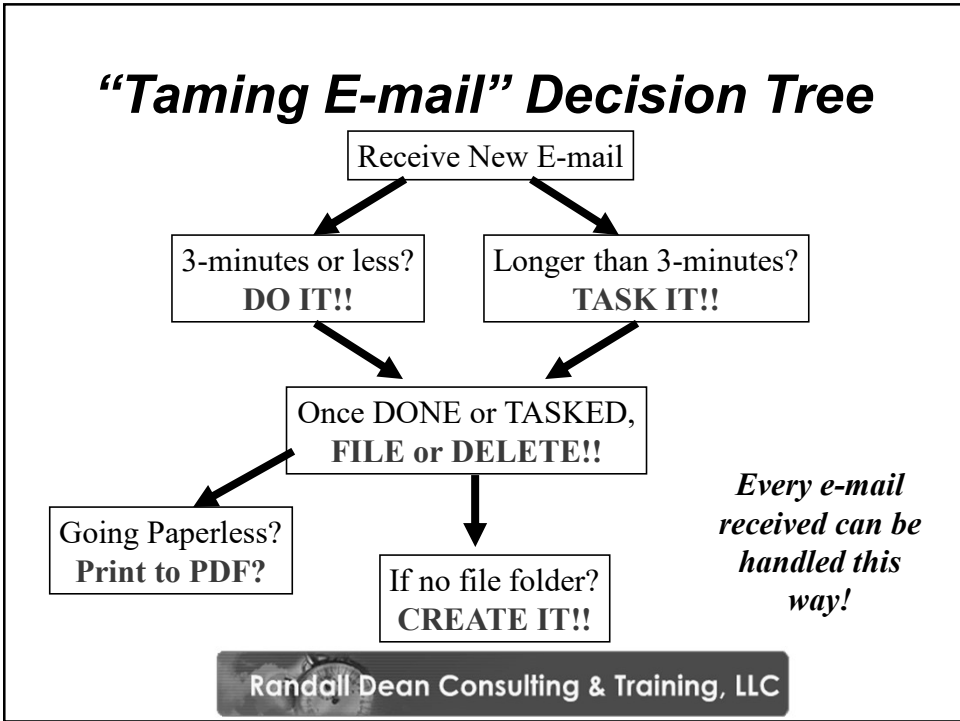
8

Don't "Bling!"

- Resist temptation to constantly monitor
 - Manage sounds & pop ups
 - But, identify most important senders!
- Consider a regimen: check at set points throughout day (except for most important)
 - To balance productivity with responsiveness
- Are you being forced to "bling"?
 - Ask for a "habit change"
 - Are you "blinking" with more than e-mail??

Randall Dean Consulting & Training, LLC

9



10

Cost of Interruptions to
American Business:

\$650 Billion/Year

Average Time Lost
Per Interruption:

4-15 Minutes

11

Two Primary Kinds of
Direct Interruptions

- The Phone Call (Text?)
 - You CHOOSE to Answer
 - *Voice Mail IS an Option!*
- The “Stop By”
 - They FIND You (if you let them!)
 - *Sometimes the worst place to get work done is your office/workstation/desk!*

12

*Use Mobility and
Mobile Tech to
Help Find Focus*

13

*“Smart Phones often make
for stupid people.”*

14

Smart Phone Sanity

- Manage Your Attention – Own Your Device!
 - Check notification settings – phone, text, social, apps, etc.
 - *Consider special ringtones/notifiers – most and LEAST important people*
- Put it away if you really need to focus
 - Consider who you give your number/text
 - *Technology should be an enabler, not a disabler or distractor*
 - *Are you clinically addicted?*

15

Smart Phone Sanity

- Can be very useful and truly helpful!
 - Send myself task/event reminders
 - Reply to e-mails quickly using voice
 - *Use for quick search, GPS, reference*
 - *Even document creation, PDFs, more*
 - *Use social to maintain/build relationships and connections*
 - *Is it time to consider a second device?*

16

Your Center Productivity Panel



17

Reference/News

- Wikipedia & AskWiki
- Encyclopedia Britannica (paid)
- Dictionary & Thesaurus apps
- White Pages (full app-based phone book)
- Zip Code Tools & Instant Area Codes/Area Code Tracker
- WolframAlpha
- Google Earth, Maps, Moon, Mars, etc ... ***Tons of Knowledge At Your Fingertips***
- Major News Apps (TV, newspaper, etc. CBSN, Bloomberg favorites right now – full stream)
- Language/Translation Apps (check out Google Translate!)
- Specific Reference apps (what's your interest?)

18

*Let's chase away
these squirrels!*



A Simple Strategy for
Getting Key Clients, Cases,
Projects, Activities First

19

FIRST:

*The MYTH of
"Multi-Tasking"*

20

BETTER:

*Find
“The Flow”*

21

A New Daily Process

- At least once a week: Review Priority Memo
- Every day:
 - Check calendar first – look ahead!
 - Check today's calendar – how much time?
 - Revise task list per priorities and calendar
 - Plan delegations/follow ups
 - Check e-mail/voice mail/snail mail
 - Revise task list again per available time
 - GET TO WORK

Randall Dean Consulting & Training, LLC

22

Final Thoughts:

- Lots of info to chew on here:
 - Pick the ideas/strategies that work best for you
 - You can reduce the impact of those “squirrels” and find your focus and productivity again!
- Come back to your notes later to integrate more
- Consider all of your inputs, technology, distractions – look for opportunities to better manage and control
- Continue learning/practicing/perfecting your use of time
- Keep finding ways to get the most important things first!

Randall Dean Consulting & Training, LLC

23

**“Be the change you wish to
see in the world.”**

– Gandhi

24

Where to Get More Info:

- Randy Dean's *Taming the E-mail Beast* (Available on Amazon.com – search “*Taming Email*”)
- David Allen's *Getting Things Done*
- Malcolm Gladwell's *Blink*
- Randy's E-newsletter: *Timely Tips – 1 Tip a Month to Save You Time!* <http://www.randalldean.com/signup.html> Or
just send me an e-mail (randy@randalldean.com) w/ “*Timely Tips Please*” in subject line – there is no cost to subscribe and you can unsubscribe anytime
- Randy's *Taming E-mail Facebook Fan Page:*
<http://www.facebook.com/TamingEmailBeast>
- Randy's *LinkedIn Page:*
<http://www.linkedin.com/in/randydean>
- Twitter: @timelyman and also on YouTube & G+

Randall Dean Consulting & Training, LLC

25

Other Randy Dean Programs:

- *Taming the E-mail Beast:* Key Strategies for Managing E-mail & Info Overload
- Finding an Extra Hour Every Day *Workshop:* Time Management Strategies for Busy Professionals
- Optimizing Your Outlook: Time Management Strategies for Busy Outlook Users
- Time Management in “The Cloud”: Using Google Apps to Manage Your Time, Life, Work, Projects, People & More
- Smart Phone Success & Terrific Tablets: Getting More Productivity From Your Smart Phone/Tablet Devices
- Managing & Leading Great Staff & Team Meetings
- Go to www.randalldean.com/programs.html

Randall Dean Consulting & Training, LLC

26

We're Done!!!

Randy Dean, MBA
The E-mail Sanity Expert®

randy@randalldean.com

Phone: 517-336-8906

www.randalldean.com

Randall Dean Consulting & Training, LLC



2020 Winter Workshop Training and Speakers

Friday, January 17, 10:45 am – Noon
Preparing for an Audit

This session will provide great insight on how to prepare for an audit in order to make the process easier for yourself, your staff and the municipality.



Bill Tucker, CPA, Maner Costerisan

2425 E. Grand River Ave., Suite 1, Lansing, MI 48912
btucker@manercpa.com • 517-323-7500

Bill is a partner with Maner Costerisan CPAs and is the head of the governmental niche for the firm. Bill is a member of the MGFOA Accounting Standards Committee, Michigan Committee on Governmental Accounting and Auditing, and the MICPA Governmental Accounting and Auditing Task Force.



Pat Clifford, Manager, Maner Costerisan

2425 E. Grand River Ave., Suite 1, Lansing, MI 48912
pclifford@manercpa.com • 517-323-7500

Pat is a manager with Maner Costerisan CPAs and is in the accounting and outsourced solutions area of the firm. Pat specializes in helping governments with all of their accounting needs – audit preparation, monthly bank reconciliations, etc.

PREPARING FOR AN AUDIT

William I Tucker IV, CPA
btucker@manercpa.com

Patrick K Clifford, CPA
pclifford@manercpa.com

Goal of the Presentation

- Educate audience on how to prepare for an audit in order to make the process easier for the municipality
 - Many of the items needed for the audit can be gathered and submitted ahead of time
 - Please ask questions as we go along

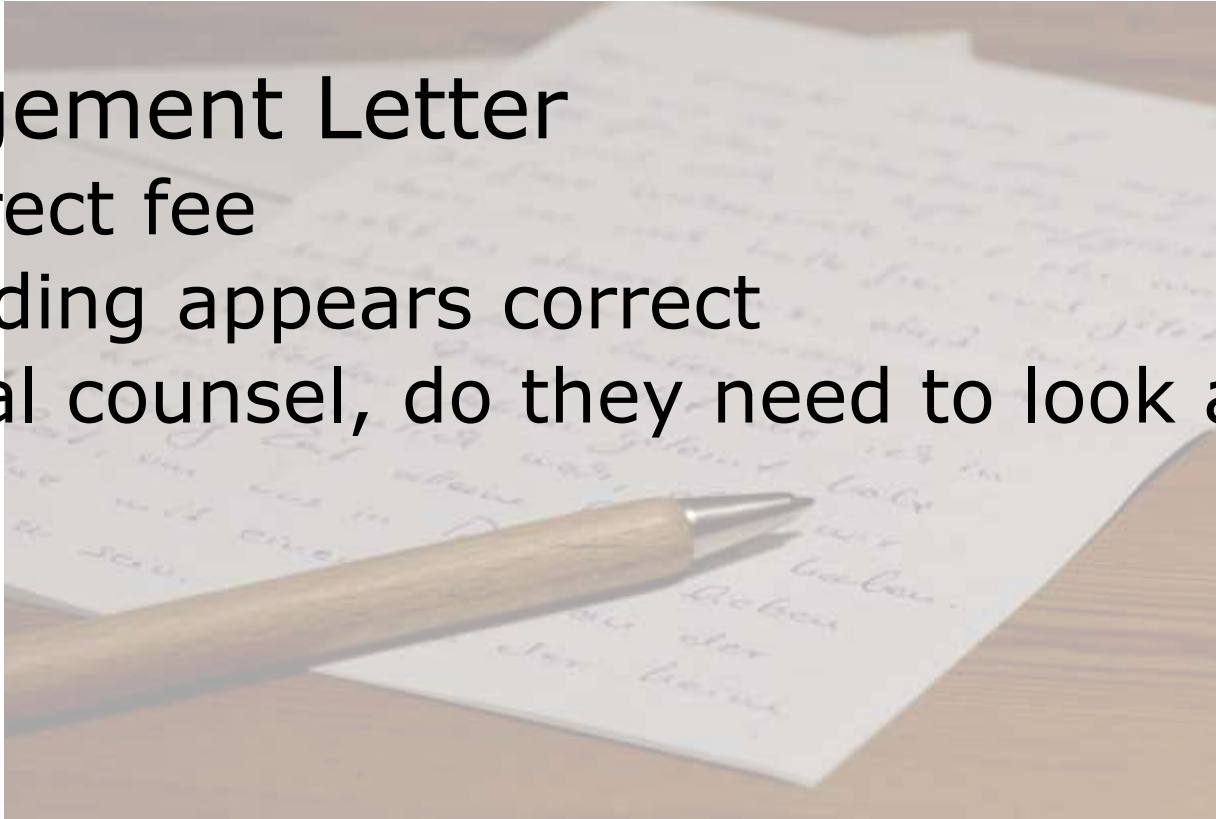
Auditor Communication



- Request for Proposals
 - When is the right time
 - Immediately after audit has been issued
 - Auditors going through the motions
 - Not providing value other than audited financial statements
 - Low fee, but not experts

Auditor Communication

- Engagement Letter
 - Correct fee
 - Wording appears correct
 - Legal counsel, do they need to look at the contract



Auditor Communication

- Discussions with auditor of changes that will affect the audit
 - GASB
 - GASB 84, GASB 87
 - Department of Treasury
 - Chart of Accounts



Auditor Communication

- Audit Checklist (PBC List)
 - What's new that has not been requested before



Auditor Communication

- Portal Access
 - What can the auditors do without being on site

Auditor Communication

- Scheduling of Audit Fieldwork
 - Preliminary
 - Year-end

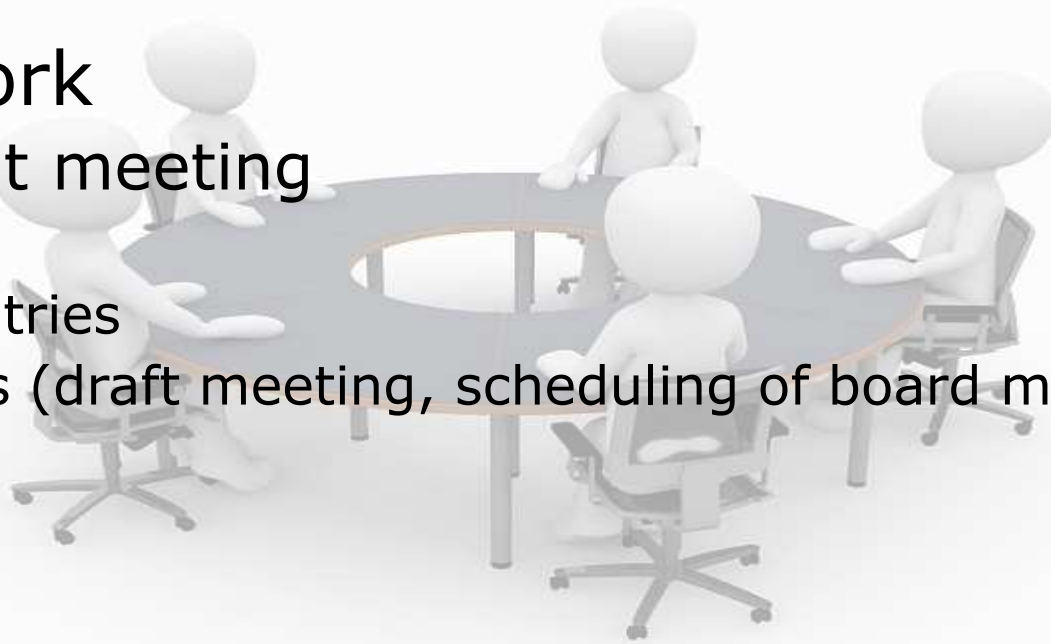


Auditor Communication

- Audit fieldwork
 - Communicate early of any open items/adjustments
 - Discuss significant items with auditors (Unusual items they should be aware of)
 - Open items listing from auditors

Auditor Communication

- Audit fieldwork
 - Request exit meeting
 - Findings
 - Journal entries
 - Next steps (draft meeting, scheduling of board meeting, etc.)



Communicating with the Auditor

- Schedule preliminary work (if applicable) and audit field work
- Ask for the engagement letter so you can get this approved per your municipality's requirements
- Obtain listing of required documents
- Ask for information on how to access their portal in order to upload audit documentation
- If you are not sure about something, ask

Budget Adjustments

- Prior to year-end, you should review the revenue and expenditure reports for the general and special revenue funds
- Ascertain whether there are any budget adjustments necessary
- These budget adjustments must be approved by your governing body before year-end
- Approved budget adjustments should then be entered into the system

General Information to Gather

- Meeting minutes – easiest way is to ensure all are posted to the municipality website
- Approved L-4029
- Assessor warrants related to fiscal year
- Documentation related to new tax abatements
- Documentation related to new special assessments
- Insurance coverage documents – workers' compensation, general liability, motor vehicles

General Information to Gather- continued

- Quarterly 941 reports
- New or updated financial policies (investment, purchasing, fund balance, etc.)
- Grant documents awarded during the year
- Copies of agreements with other local municipalities (425 agreements, police/fire service agreements, etc.)
- Documentation related to any debt activity (new debt, refunding, installment purchase agreements, etc.)

General Information to Gather- continued

- Pension and OPEB actuarial reports
- Updated control narratives for cash receipts, cash disbursements, journal entries, etc. (ask auditor for the documents from the previous year)
- Documentation associated with any continuing bond disclosure requirements
- Compensated absence balances by employee as of year-end

General Information to Gather- continued

- Close to the audit field work date, the auditors will request the following:
 - Trial balance for all funds as of year-end
 - General ledger detail for the entire fiscal year
 - Disbursement reports for the entire fiscal year
 - Disbursement reports for the new fiscal year
 - Pay attention to the requested report format – typically excel or pdf

Tie out Beginning Fund Balance

- Purpose is to ensure all auditor entries from the prior year were booked in your system
- Generate a trial balance out of your accounting system as of the previous year-end
- Compare the ending fund balances by fund to the audited financial statements
- Note any differences to discuss with the auditor

Reverse prior year accrual entries

- The audit may have booked entries in the prior year to accrue revenues or expenditures
- Look to see if there are balances in the following accounts:
 - Accounts Payable
 - Accrued Liabilities
 - Prepaids
 - Accrued Wages
 - Due from State

Reverse prior year accrual entries-continued

- Ask the auditor for a listing of the journal entries booked in the audit that need to be reversed out in the current year
- Reverse these entries in the current year – ensure to use a date in the current year (if your fiscal year end date is 6/30, use 7/1 as the reversal date)

Bank Reconciliations

- Ensure all of your bank reconciliations are current and any unreconciled differences are cleared
- Recommend reviewing outstanding check lists for any stale-dated items – research and perform due diligence
- Cancel or re-issue checks based on research results
- Set up escheatment where necessary
- Provide support for all investments – CD's, etc.
- Gather all banking information for the confirmation process

Miscellaneous Receivables

- If you use a subsidiary system (e.g., BS&A's Miscellaneous Receivables module), generate an invoice aging report and ensure the detail ties to the corresponding accounts receivable balance by Fund
- Research and resolve discrepancies
- Review older receivables to determine if they are still valid or need to be written off

Due from State

- Oftentimes, there are revenues related to the fiscal year under audit that you receive after year-end
 - State Revenue Sharing
 - Act 51 revenues
- These revenues need to be recognized in the appropriate fiscal year
- Review the payments from the State received after year-end and ascertain to which period they relate

Due from State - continued

- Record an entry in the GL to recognize the revenue in the correct fiscal year (credit) and set up a Due from State receivable (debit)
- Book the cash receipt in the current year by clearing the receivable (debit cash and credit Due from State)

Other Receivables

- Similar to the previous slides, there are other revenues related to the prior year that are received after year-end
 - Franchise fees
 - PEG fees
- These revenues need to be recognized in the appropriate fiscal year
- Review the payments from the entity received after year-end and ascertain to which period they relate

Other Receivables - continued

- Record an entry in the GL to recognize the revenue in the correct fiscal year (credit) and set up an other receivable (debit)
- Book the cash receipt in the current year by clearing the receivable (debit cash and credit other receivable)

Prepays

- The municipality may be required to pay certain items before year-end that actually relate to the following year
- Examples include membership dues or the first installment to MML for workers' compensation
- If paid prior to year-end, the amount should be coded to the prepaid account in the applicable fund (the account number is typically 123 per the State Chart of Accounts)
- In the new year, you will debit the applicable expenditure and credit the prepaid account

Inventory

- If some of your departments have an inventory of supplies they maintain on hand, there will need to be a count done at or near year-end
- The results of the count are multiplied by the cost of the items to come up with an inventory balance
- Adjusting entries are made to true up the GL inventory balance to the physical count balance
- Operating supply expense accounts are debited or credited to account for the decrease or increase in the inventory balance

Capital Expenditures

- Familiarize yourself with the municipality's capitalization policy
- Review the activity in the repair and maintenance and capital outlay accounts, looking for expenditures related to capital purchases
- Gather supporting documentation
- Enter additions into your fixed asset tracking system and calculate depreciation – you will need to book depreciation for your enterprise and internal service funds

Capital Expenditures - continued

- Inquire of all department heads whether there are any large projects still in progress at year-end
- If there are, you will need to accumulate the costs incurred as of year-end in order to record a construction in progress asset
- Include in the fixed asset system – there won't be depreciation as the asset has not yet been completed and placed in service

Capital Expenditures - continued

- Have the department heads review the fixed asset detail listing to determine whether there were any assets disposed of during the year
- Assets disposed of during the year should be removed from the fixed assets system
- Another good idea is to compare the listing of municipality assets submitted for insurance coverage to the fixed assets listing

Invoices received after year-end

- Ensure you review all invoices received after year-end to determine which fiscal year they relate
- If related to the prior year, some accounting systems allow you to change the posting date back to the prior year
- This will recognize the expenditure in the proper year and set up the required accounts payable liability entry as of year-end

Accrued Wages

- Oftentimes, the first payroll in the new year includes employee hours from the prior year
- Determine whether your payroll system provides functionality to perform accruals
- BS&A Payroll provides functionality that will accrue back a certain percentage of a Payroll ID
- The system also creates the necessary reversing entries in the new year

Accrued Wages - continued

- If the system does not have functionality to accrue wages, you can use the wage and FICA expenditure numbers from the first payroll in the new year and multiply by the percentage related to the prior year
- Use these amounts by fund and department to create the entry to debit the expenditures and credit accrued wages
- You will then reverse this entry in the new year

Interfund Transfers

- Reconcile all transfers made during the year
- All transfers out of one fund should have a corresponding transfer in, in the other fund
- An easy way to do this is to run an account balance report as of year-end and include only transfer in and transfer out accounts
- Review results and make appropriate adjustments

Due to/Due from Balances

- Reconcile all due to and due from balances as of year-end
- An easy way to do this is to run an account balance report as of year-end and include only due to and due from accounts
- Review results and make appropriate adjustments
- Recommend reviewing balances quarterly to see if these can be cleared via pooled cash

QUESTIONS?