



# 2018 GFOAT Spring Institute

**Financial Reporting: Beating the 6 Month Mindset**

Tips and Tricks for Year End

April 17, 2017

# Sources of Reporting Deadlines

- State Law
- Local Charter
- Bond Covenants
  - SEC charged 71 issuers with “misstatements and omissions” with continuing disclosures
- MSRB’s Friendly Encouragement (non-authoritative) -
  - Recommends 120 days as a “best practice”
  - Now tracking and reporting timeliness of continuing disclosure filings
  - Filing dates are now posted for individual issuers

# Moody's Report on Local Government Disclosures

- # of very late filings (270+ days) decreased 11% from 2012 to 2015
- Median days dropped to 189 in 2015, down from 199 in 2012
- No correlation between issuer size
- Median days by state
  - New York – 155 (best)
  - Texas – 176
  - Ohio – 239 (worst)

Focusing on the Common Goal

**Get the Auditors in and out as**  
**quickly as possible**

# Top Ten Worst Things About Auditors

10. 80% of the audit is done in the remaining 20% of final.
9. The rookie auditor resembles your middle schooler.
8. The senior auditor is not of legal drinking age but makes you glad that you are.
7. The field teams total knowledge of governmental accounting was learned studying for the CPA Exam.
6. Review Notes

# Top Ten Worst Things About Auditors

5. The audit room resembles a disaster area eligible for FEMA reimbursement.
4. *“Do you have a minute?”* translates to *“Block off the rest of your day.”*
3. Review Notes.
2. Getting written up for a lost invoice that was given to the auditor in last year’s search for unrecorded liabilities.
1. Concurring Partner review notes.

# City of Carrollton

- FYE – September 30
- Population – 130,000ish
- 831 FTE Employees
- 12.5 FTE's in Finance Admin, Accounting, Budget, Internal Audit and Treasury
- 11 gov't funds (4 major)/3 enterprise funds/3 internal service funds
- Revenue: \$144 mil gov't, \$52 mil bus-type
- Hours spent by external audit staff – 650 to 700
- Opinion date 1/31/18, Council pres. 1/31/18

Optimist=Goal/Realist=Deadline





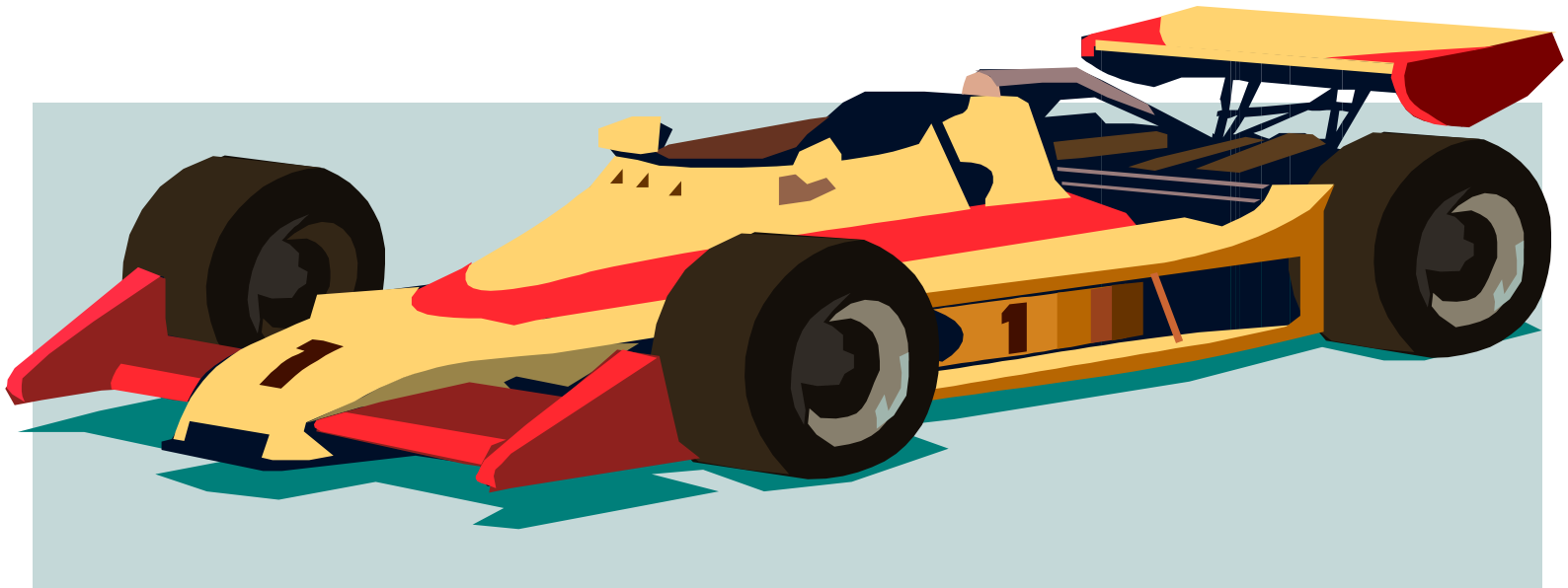
# Set the Schedule Early



# Teamwork



# Streamline



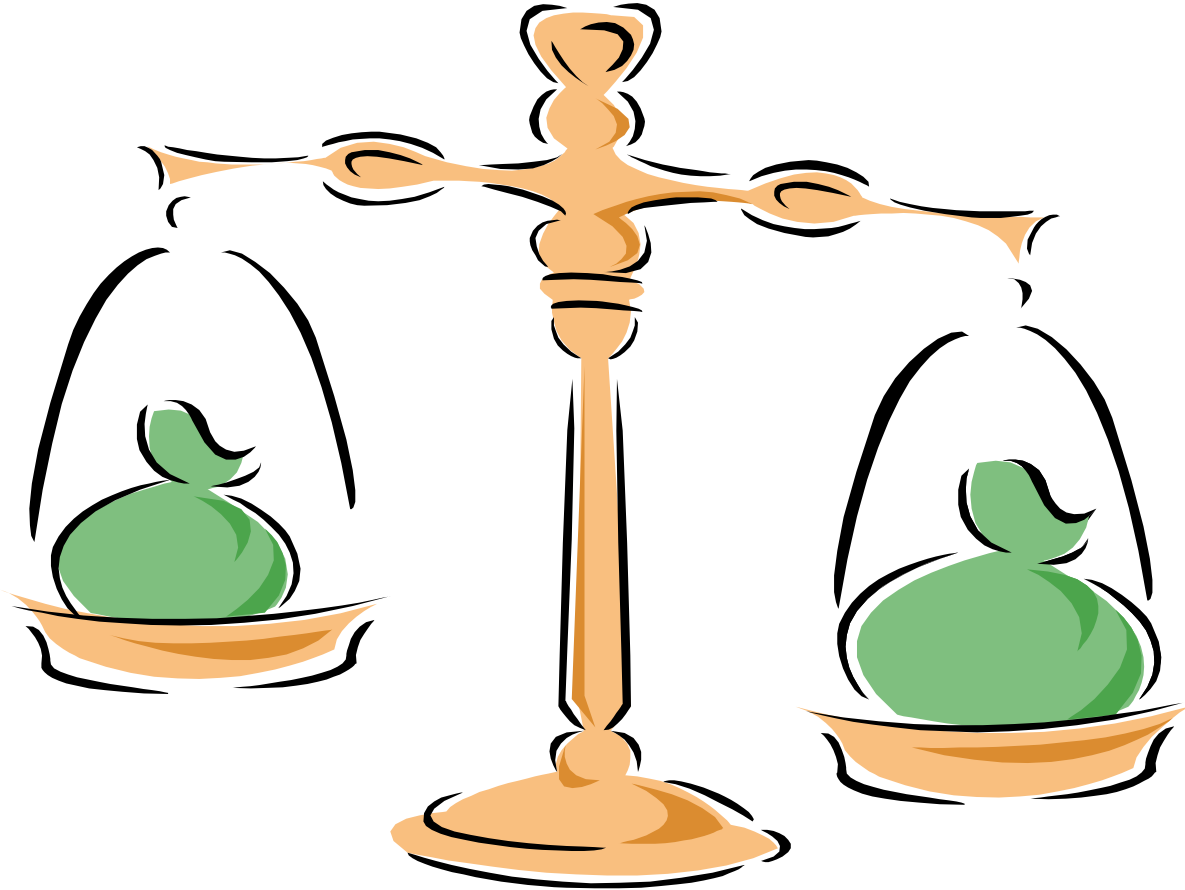
# Discover the Beauty of the Two Letter Word "NO"



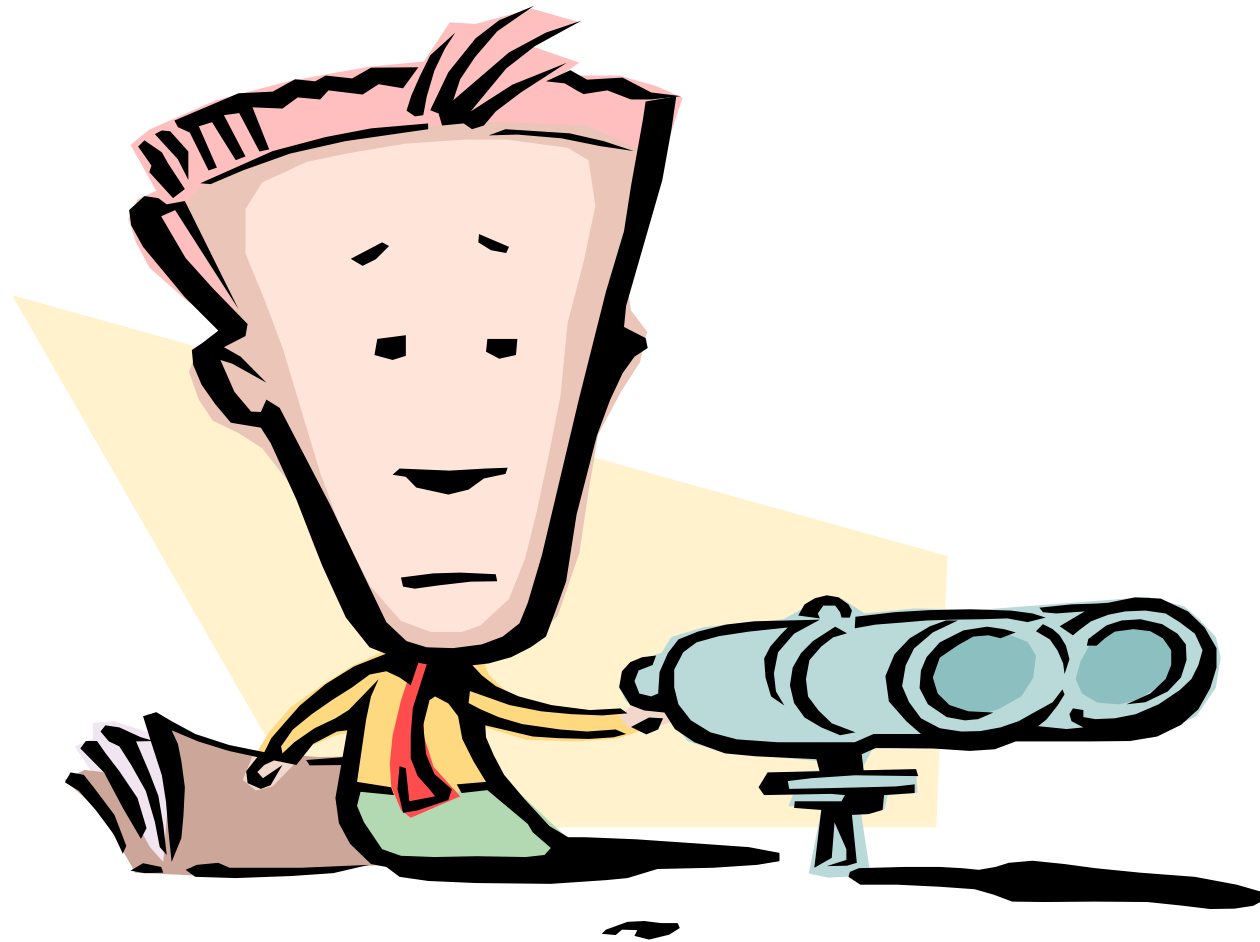
# Communication



# Reconciliations



Think ahead



# Procedures / Checklists





# Technology



# Problem Areas - Roadblocks



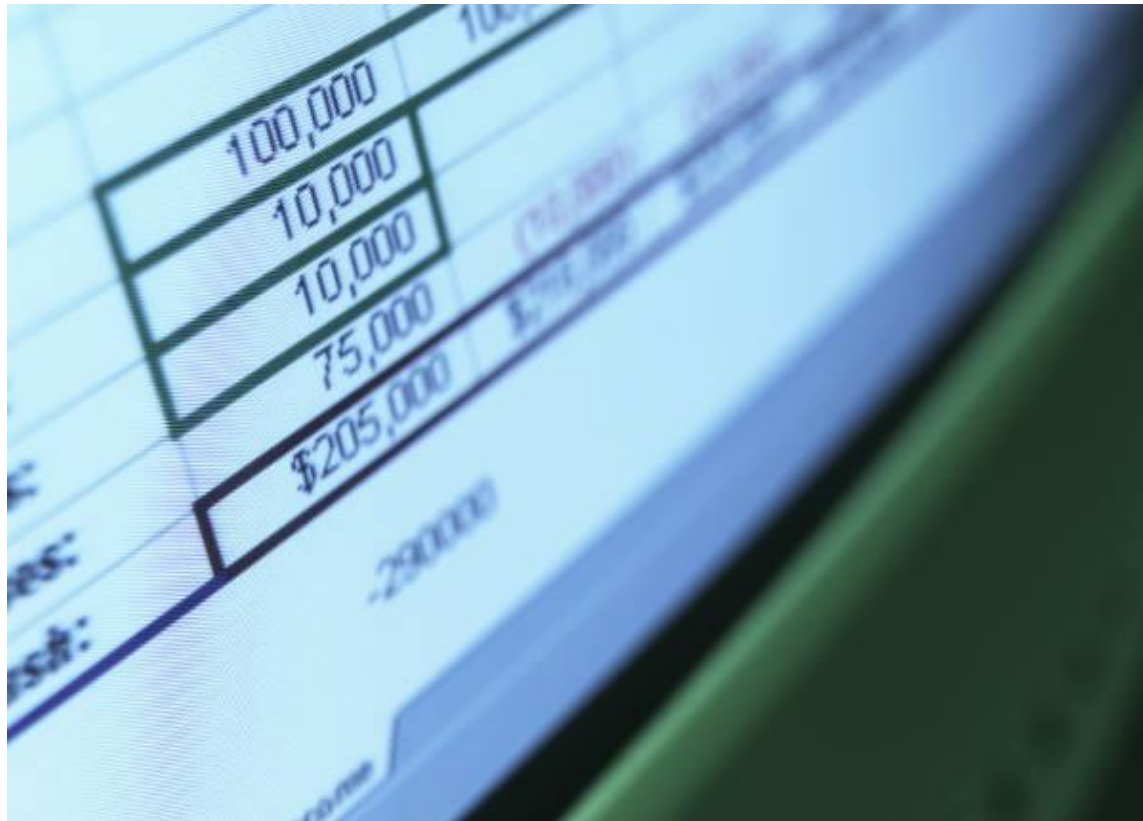
# Problem Area – Year End Accruals



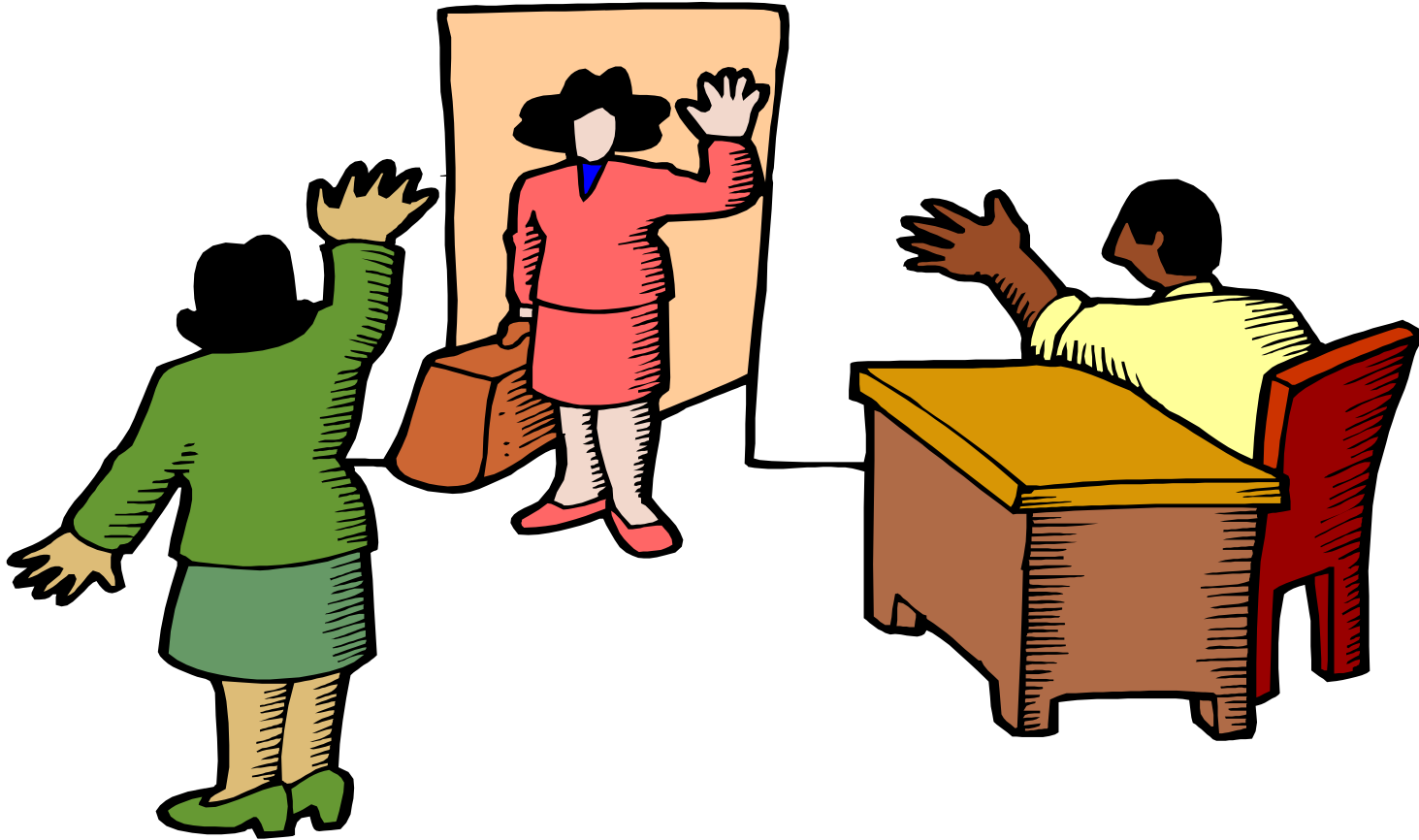
# Problem Areas – Rounding!

- Disasters attributable to bad numerical computing
  - Patriot Missile Failure in Dhahran, Saudi Arabia on February 25, 1991 attributable to 28 deaths
  - Explosion of the Ariane 5 rocket on June 4, 1996 the consequence of a simple overflow
  - Sinking of the Sleipner A offshore platform in Norway on August 23, 1991 resulting in a loss of nearly one billion dollars

# Problem Areas – Spreadsheet Error



# Problem Areas-Turnover



# Problem Area – Capital Assets



# Problem Area – Attorney Letters





# Manage Stress



# Internal Schedule

- Budgets (original & mid-year)
- Monthly reconciliations and statement reviews
- Periodic updates of capital assets
- Training (especially new GASB standards)
- CAFR mock up
- Review GFOA certificate comments

# Internal Schedule – cont.

- Memo of fiscal year-end deadlines & procedures (mid-August)
- A/R write-offs, update confirmation list, prepare confirms (late September)
- Close September books – by October 10
- A/P cutoff – third week October, purchase order review and rollover
- Close first post period – by November 15 (this trial balance used as starting point)

# Internal Schedule – cont.

- Provide auditors with PBC's – start of fieldwork
- Prepare first draft of CAFR statements – first weekly meeting with auditor
- Add notes to CAFR draft – second weekly meeting with auditor
- Add statistical & continuing disclosure sections

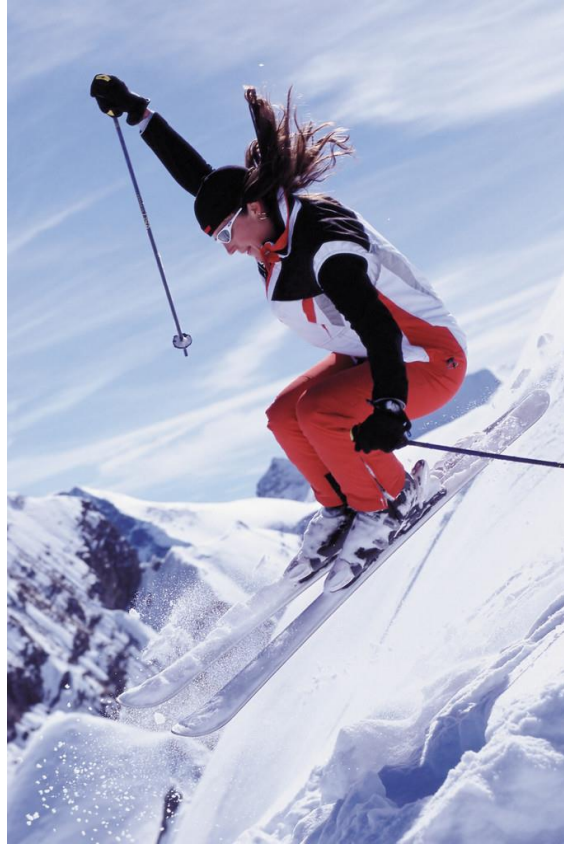
# Internal Schedule – cont.

- Deadline to receive audit opinion is Thursday prior to Council presentation
- CAFR provided to Council on Friday prior to Council presentation
- Council presentation
- Post CAFR to website, work with print shop to produce hard copies
- Submit for GFOA certificate and NIRMSIR

# Small Steps Toward Big Change



# Celebrate Success!



# Questions?

Pam Hodges

Controller

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