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*Accounting Policies & Audit
Procedures Used to Review Them*

Capital Assets

- ***Capital Asset Policies***
 - ***Categories/Classifications***
 - ***Capitalization Thresholds***
 - ***Depreciable Lives***

Capital Assets

- ***Audit Procedures***
 - ***Determine capitalization limits, depreciation rates, and salvage, if any***
 - ***Capitalization limits may vary by fund or operation***
 - ***Depreciation rates may also vary***



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Capital Assets

- ***Audit Procedures***

- ***Obtain or prepare a schedule of changes in capital assets and accumulated depreciation***
 - ***Determine that additions are properly reported***
 - ***Consider vouching or inspecting***
 - ***Review repair and maintenance accounts for potential unrecorded capital assets***
 - ***Certain additions would suggest corresponding retirements***

Capital Assets

- ***Audit Procedures***
 - ***Obtain or prepare a schedule of changes in capital assets and accumulated depreciation***
 - ***Test calculation of depreciation expense***
 - ***Be aware of potentially over-depreciated assets***



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Capital Assets

- ***Audit Procedures***
 - ***Obtain or prepare a schedule of changes in capital assets and accumulated depreciation***
 - ***Determine if reported disposals are properly accounted for***
 - ***Sales proceeds/salvage***
 - ***Potential refunds to funding agencies for grant-acquired assets***

Capital Assets

- ***Audit Procedures***
 - ***Determine that “Net Assets Invested in Capital Assets” is properly calculated***
 - ***Exclude debt that was not issued or used for capital purposes***
 - ***Developer payments***
 - ***WRS unfunded pension liability***
 - ***Unspent debt proceeds***

Fund Balance/Net Assets

- ***Fund Balance/Net Asset Policies***
 - ***Purpose of the policy***
 - ***Fund balance types and definitions***
 - ***Operational guidelines***
 - ***Authority to restrict, commit and assign***
 - ***Classifying fund balance amounts***
 - ***Minimum fund balance amounts***
 - ***Order of resource use***

Fund Balance/Net Assets

- ***Audit Procedures***

- ***Determine that the pre-closing year end balance in each fund agrees to the year end balance from the prior year***

- ***Possible differences***

- ***Funds improperly closed***

- ***Transfers posted directly to fund balance***

- ***Transactions posted directly to fund balance***



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Fund Balance/Net Assets

- ***Audit Procedures***
 - ***Obtain a copy of the fund balance/net asset policy***
 - ***Determine if there are any committed funds***
 - ***Determine who can assign fund balance***
 - ***Determine the order for spending down fund balance***

Fund Balance/Net Assets

- ***Audit Procedures***
 - ***Review the general ledger to determine if fund balance classifications are recorded***
 - ***If yes, have they been properly established***
 - ***If no, do unrecorded balances exist***



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Fund Balance/Net Assets

- ***Audit Procedures***

- ***Determine the major funds to be reported for the year***
- ***Determine that the reconciliation between governmental fund balances and the government-wide net assets is proper***



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Debt

- ***Debt Policies***
 - *What types of debt to issue*
 - *Levels of outstanding debt*
 - *Refinancing*

Debt

- ***Audit Procedures***
 - ***Review minutes for authorization***
 - ***Determine that proceeds are recorded in the appropriate fund(s)***
 - ***Determine that any premiums, discounts, or issuance costs are properly recorded***



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Debt

- ***Audit Procedures***
 - ***Compare recorded payments to debt repayment schedules***
 - ***If no repayment schedule, consider confirming with the lender***



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Debt

- ***Audit Procedures***
 - ***Footnote disclosures***
 - ***Annual repayments***
 - ***Compliance with debt limit***
 - ***Compliance with any special provisions or covenants***
 - ***Pledged revenue disclosure for revenue bonds***
 - ***Gain/loss and economic gain/loss on refunding***
 - ***Conduit debt***

Questions



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