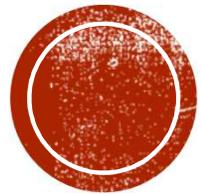


12 WAYS TO IMPRESS YOUR AUDITORS

Sharon E. Smith, CPA, RMA, CMFO

Township of Toms River





#1 CLEAN INTERFUNDS

- (1) Interfunds agree
- (2) Prior Year interfunds have been cleared/liquidated

<u>Current Fund 12/31/18</u>	
<u>Assets</u>	
Cash	
Taxes Receivable	
TTL Receivable	
Due from General Capital Fund	4,500
<u>Liabilities</u>	
Appropriation Reserves	
Reserve for Enc's	
Prepaid Taxes	
Tax Overpayments	
County Taxes Payable	
Due to Open Sp Trust Fund	16,000
Reserve for Receivables	
Fund Balance	

<u>General Capital Fund 12/31/18</u>	
<u>Assets</u>	
Cash	
Deferred Charges to Future Taxation	
<u>Liabilities</u>	
Improvement Authorizations	
Bond Anticipation Notes	
Serial Bonds	
Due to Current Fund	4,500
Fund Balance	

<u>Open Space Trust Fund 12/31/18</u>	
<u>Assets</u>	
Cash	
Due from Current Fund	16,000
<u>Liabilities</u>	
Reserve for Future Use	



TIPS...

- Be conscious of interfund activity throughout the year
- Check yourself PERIODICALLY
- Address the interfund:
 - Transfer the cash; OR
 - Make an entry to set it up



EXAMPLE #1 – INTEREST EARNED ON PAYROLL ACCOUNT (MAY 2019)

Cash Receipts Batch 05/31/2019

<u>Bank</u>	<u>Type</u>	<u>Acct #</u>	<u>Amount</u>	<u>Description</u>
PAYROLL	Revenue	9-Int Due Curr	1.25	Interest 05/2019
CURRENT	Revenue	9-Int on Invstmnts	1.25	Payroll Interest 05/2019
CURRENT	Revenue	9-Due Payroll	-1.25	Payroll Interest 05/2019
			1.25	

Net Effect to the G/L

Dr. Payroll – Cash	1.25	
Cr. Payroll – Due to Current Fund		1.25
Dr. Current – Due from Payroll	1.25	
Cr. Current - Misc Revenue Anticipated		1.25



EXAMPLE #2 – PAID FOR TRUCK OUT OF BUDGET—WANT TO MOVE TO CAPITAL

Budget Batch Account	Type	Amount	Description
9-01-26-291-2XX (DPW O/E)	Expenditure	-46,500	Move 19-04275 CK#24952 to Capital
C-04-55-XXX-XXX (Imp Auth)	Expenditure	46,500	Reall. Purch of Trk. from Curr 19-04275
9-01-55-XXX-XXX (Due Cap)	Expenditure	46,500	Move 19-04275 CK#24952 to Capital
9-04-XX-XXX-XXX (Due Curr)	Expenditure	-46,500	Reall. Purch of Trk. from Curr 19-04275

Net Effect to the G/L

Dr. Cap-Improvement Authorizations	46,500	
Cr. Cap – Due to Current Fund		46,500
Dr. Curr – Due from Capital Fund	46,500	
Cr. Curr – CY Appropriations		46,500



LIQUIDATE PRIOR YEAR INTERFUND



General Capital Fund: Due to/from Current Fund

<u>Dr.</u>	<u>Cr.</u>
	5,000 bal. 1/1/19
	46,500 '19 I/F activity
	<u>51,500</u> bal. 12/31/19



General Capital Fund: Due to/from Current Fund

<u>Dr.</u>	<u>Cr.</u>
	5,000 bal. 1/1/19
	46,500 '19 I/F activity
Liquidate 5,000	
Liquidate 46,500	
	<u>-0-</u> bal. 12/31/19



General Capital Fund: Due to/from Current Fund

<u>Dr.</u>	<u>Cr.</u>
	5,000 bal. 1/1/19
	46,500 '19 I/F activity
Liquidate 5,000	
	<u>46,500</u> bal. 12/31/19





#2 – PAYROLL DEDUCTIONS PAYABLE



Payroll Agency Bank Reconciliation

May 2019

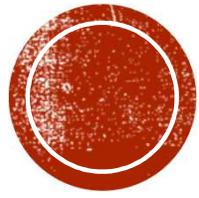
Bank Balance	\$ 20,977.84
Less: O/S Checks	(7,317.78)

Book Balance	\$ 13,660.06 agrees to G/L cash balance

Analysis of PR Deductions Payable

	<u>4/30/2019</u>	May		<u>5/31/2019</u>
		<u>Receipts</u>	<u>Disb's</u>	
Fed Taxes	-	8,130.61	8,130.61	-
State Income Tax	-	716.42	716.42	-
NJ 927 Unemp	166.17	290.36	105.32	351.21
PFRS	10,201.67	5,798.62	10,201.67	5,798.62
PERS	5,605.99	2,772.12	5,582.02	2,796.09
Due Current	4,070.90	0.78		4,071.68
Unknown (excess)	642.46			642.46
Equitable	-	273.00	273.00	-
Health Ins Contrib Due Current	-	699.92	699.92	-
Net Pay	0.00	19,379.30	19,379.30	0.00
		38,061.13	45,088.26	
	<u>20,687.19</u>			13,660.06





#3 TTL REDEMPTION ITEMIZATION



Tax Title Lien Redeption Bank Rec.

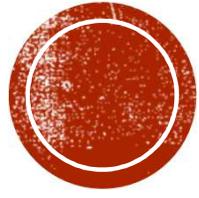
May 2019

Bank Balance	\$ 157,000.00
Deposit In Transit	5,000.00
Outstanding Check	<u>(25,000.00)</u>
Book Balance	<u>\$ 137,000.00</u> agrees to G/L cash balance

Analysis of Balance

B 5, Lot 64, Cert #12345	\$ 4,562.19
B 62 Lot 37, Cert #23456	18,072.44
B 22 Lot 88, Cert #34567	9,655.47
B 47 Lot 4, Cert #45678	47,899.00
B 200 Lot 1, Cert #56789	23,527.15
B 97 Lot 42, Cert #78901	<u>33,283.75</u>
	<u>\$ 137,000.00</u>





#4 TIMELY RECEIPT OF REIMBURSABLE GRANTS



Healthy

Receivable 550,000



Appropriated 700,000

Hurting

Receivable 700,000



Appropriated 550,000



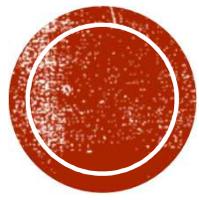
2015	Receivable	300,000	Appropriated	300,000
2016	Receivable	300,000	Appropriated	-0-
2017	Receivable	300,000	Appropriated	-0-
2018	Receivable	300,000	Appropriated	-0-
2019	Receivable	300,000	Appropriated	-0-
2020	Receivable	300,000	Appropriated	-0-



TIPS...

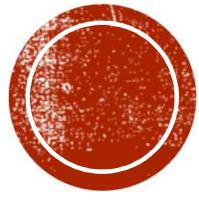
- Determine responsible parties up front
- Monitor periodically
- Obtain 75% up front for DOT grants
- Account for certain grants in Capital Fund





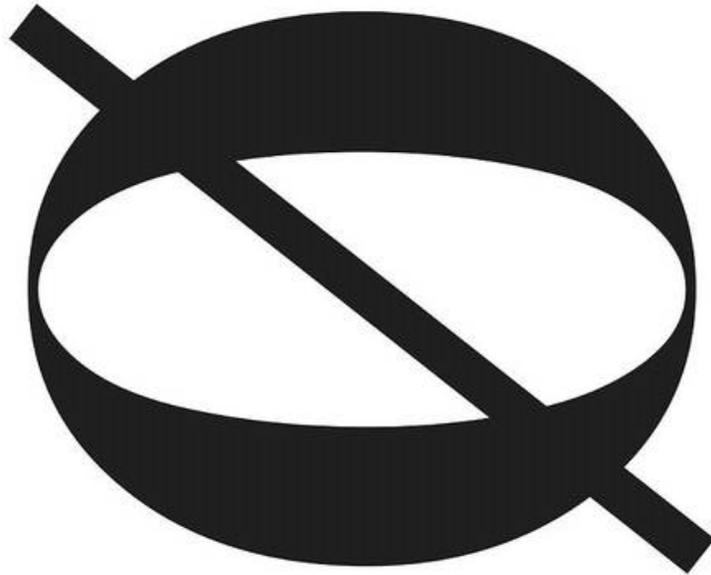
#5 CLEAN UP OLD PO'S

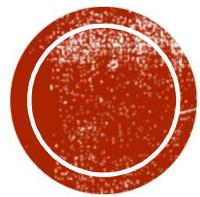




#6 TAX OVERPAYMENTS







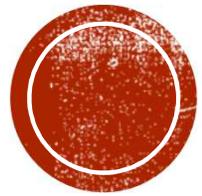
#7 SELF-PREPARED REPORTS

ADS
AFS
Audit Exhibits

WHAT YOU WOULD NEED...

- Time
- Sufficient staffing
- Mentor
- Patience
- Template





#8 ATTENTION TO FIXED ASSETS

- **Timeliness**
- **Quality of the ledger**

NJAC 5:30-5.6

- Valued (historical cost)
- Subsidiary Ledger
- Control additions, deletions/retirements & transfers
- Periodic physical inventory
- If purchased w/ federal funds, designate it as such



THE LEDGER

- **Key components:**
 - Additions
 - Deletions
 - Ending Balance/Listing

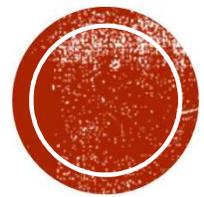
- **Extra Impressive:**
 - Location
 - License Plate/VIN #'s
 - Back up for deletions (*e.g. auction paperwork, insurance loss paperwork, etc.*)
 - Tagging System



MONITORING TIPS

- Stay on top of additions every meeting
- Establish auction communication
- Establish insurance claim communication
- Annual review for deletions by department





#9 SUBSIDIARY LEDGERS

- Are maintained and accurate
- Tie into G/L Control Account

THE BIG 3

Subsidiary Ledger	G/L Control Account
Current Year Budget (9-01)	Current Year Appropriations (or Appropriation Reserves at end of yr)
Grant Spending (G-02, X-02, etc)	Reserve for Grants Appropriated
Capital Projects (C-04, X-04, etc)	Improvement Authorizations



Totals page of subsidiary ledger

Account No	Description	Adopted Expended YTD Expended Curr	Amended Encumber YTD	Transfers Reimbrsd YTD Reimbrsd Curr	Modified Canceled Pd/Chrgd YTD	Balance YTD %Used Unexpended
Final Budgeted		124,867,859.34	527,442.60	0.00	125,395,301.94	4,665,012.94
		115,595,951.64	5,844,174.59	710,448.98	611.75	10,509,187.53
		115,595,951.64		710,448.98	120,729,677.25	

vs

General Ledger Control Accounts

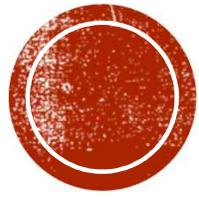
8-01-	-	-201-200	Current Year Appropriations	E	0.00	
8-01-	-	-201-201	APPROPRIATION RESERVES	L		4,665,012.94
8-01-	-	-201-202	ENCUMBRANCES PAYABLE	L		5,844,174.59



MOST COMMON SUBSIDIARY LEDGER DESTROYERS

- Incorrect “mapping” within the financial software
- Auditor adjustments affecting a subsidiary account not communicated to municipality or made by municipality
- Non-cash activity not recorded
- Activity occurs in the Subsidiary Account but not the Control Account (or vice versa)





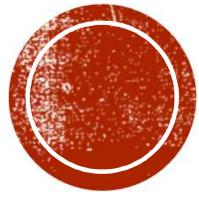
#10 CANCEL BALANCES



EXAMPLES

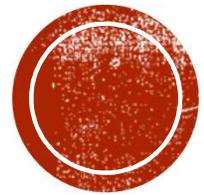
- Outstanding checks over one year old
- Grants Reserved/Appropriated
- Improvement Authorizations
- Moot Reserves
- Old balance sheet items





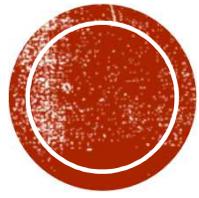
#11 ADDRESS EXIT CONFERENCE ITEMS





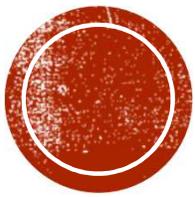
#12 PURCHASING-RELATED

P2P forms



BONDS #13 DOCUMENT YOUR CONTROLS





QUESTIONS??

