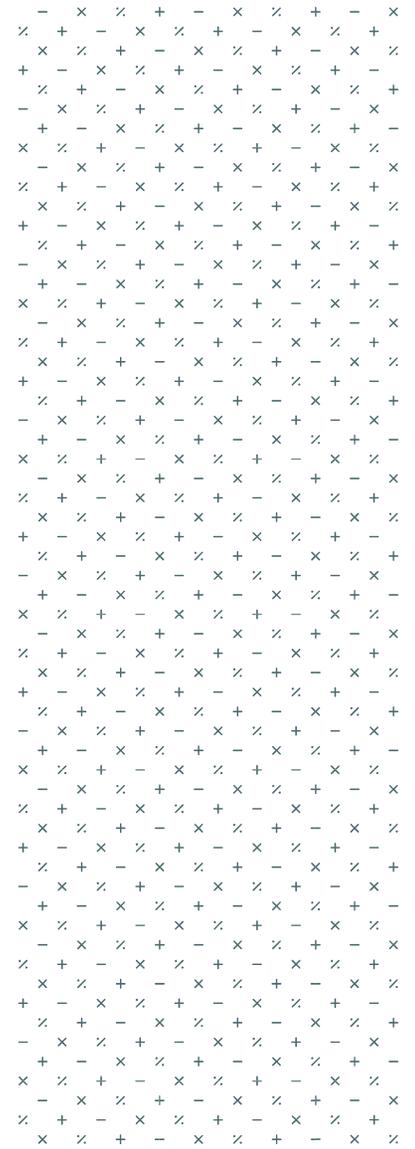




# Audit Entrance

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Better Together: Moss Adams & Metro



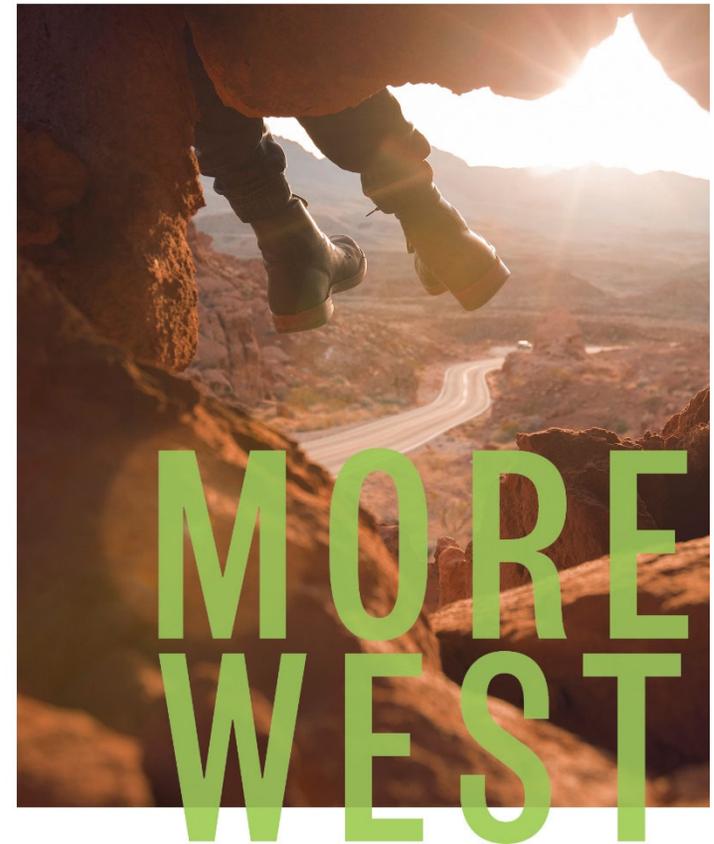
# Audit Committee

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Dear Audit Committee Members:

Thank you for your continued engagement of Moss Adams LLP, the provider of choice for state and local governments. We're pleased to present our audit plan for Metro for the year ending June 30, 2020. We'd also like to discuss current-year developments and auditing standard changes that will affect our audit.

We welcome any questions or input you may have regarding our audit plan, and we look forward to working with you.



# Your Dedicated Team



**Ashley Osten**  
*Engagement Reviewer  
and Partner*



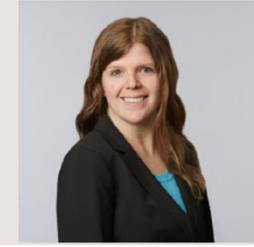
**Laurie Tish**  
*Concurring Reviewer,  
Partner*



**Jim Lanzarotta**  
*Partner and Technical  
Resource*



**Leila Annen**  
*Senior Manager,  
MAAS-IT Consulting*



**Janel Smoot**  
*Manager*



# Required Communications to Those Charged with Governance



# Our Responsibility

Assess if the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with US GAAP. However, our audit doesn't relieve you or management of your responsibilities.

Perform an audit in accordance with:

- Generally accepted auditing standards issued by the AICPA
- Government Auditing Standards issued by the Comptroller General of the United States

Design the audit to provide assurance about whether the financial statements are free of material misstatement.

Consider internal controls over financial reporting and compliance as a basis for designing effective audit procedures.

Communicate findings that are relevant to your responsibilities in overseeing the specific matters of financial reporting process and administering federal awards.

01

02

03

04



# Audit Process

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## Internal Controls

Includes IT



## Analytical Procedures

- Revenue and expenses
- Trends, comparisons, and expectations



## Substantive Procedures

- Confirm account balances
- Vouch to supporting documentation
- Representations from attorneys and management
- Examine objective evidence



# What's Materiality?

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It's the amount of a misstatement that could influence the economic decisions of users, taken on the basis of the financial statements.



It's calculated using certain **quantitative** (total assets) and **qualitative** factors (covenants, expectations, or industry factors)

It identifies:

SIGNIFICANT RISK AREAS

NATURE, TIMING, EXTENT, AND SCOPE OF TEST WORK

FINDINGS OR MISSTATEMENTS



# Significant Audit Areas



**REVENUES AND RECEIVABLES – OCCURRENCE AND VALUATION**



**BONDS PAYABLE – OPEN SPACES, AFFORDABLE HOUSING, AND ZOO INFRASTRUCTURE**



**CAPITAL ASSETS – EXISTENCE AND VALUATION**



**PENSION LIABILITY AND RELATED PENSION EXPENSE**



**COMPLIANCE WITH FEDERAL LAWS AND REGULATIONS AND OREGON MINIMUM STANDARDS**



# COVID-19

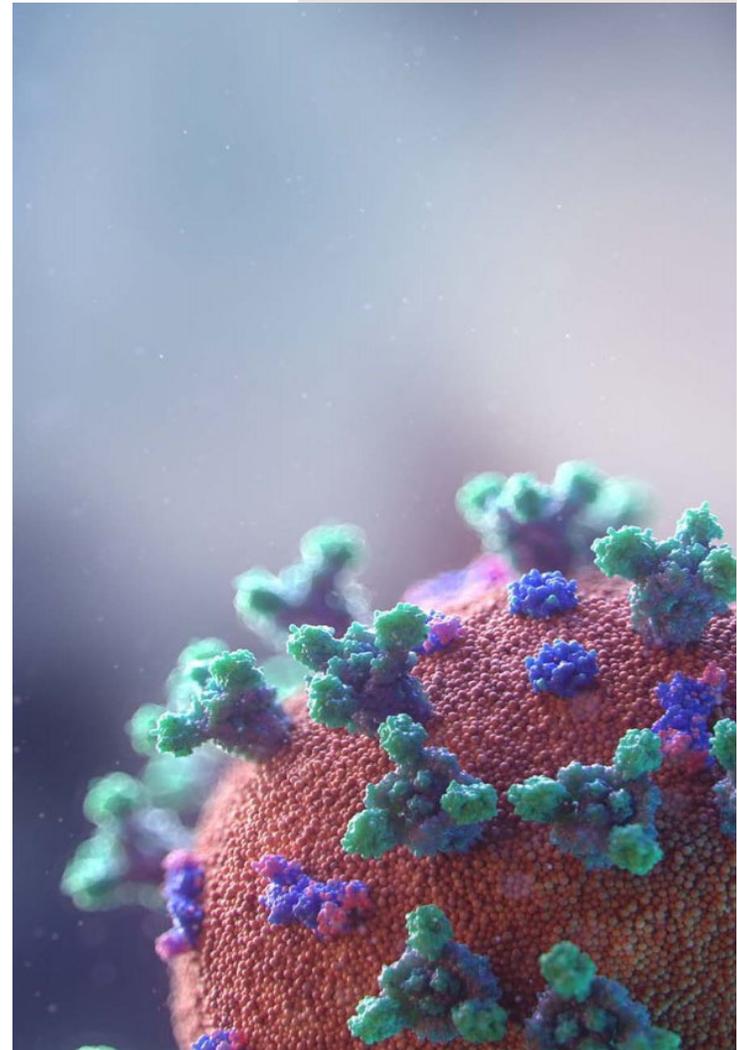
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## Audit and Risk Assessment Considerations

- Revenue decreases
- Deferral of deadlines
- Influx of dollars from the CARES Act with limited information regarding compliance requirements

## COVID-19 Legislation and Resources:

- <https://mossadams.com/covid-19-implications>



# Consideration of Fraud

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**AUDITORS MUST CONSIDER FRAUD TO “IMPROVE THE LIKELIHOOD THAT AUDITORS WILL DETECT MATERIAL MISSTATEMENTS DUE TO FRAUD IN A FINANCIAL STATEMENT AUDIT.”**

**To identify fraud-related risks of material misstatement, we:**

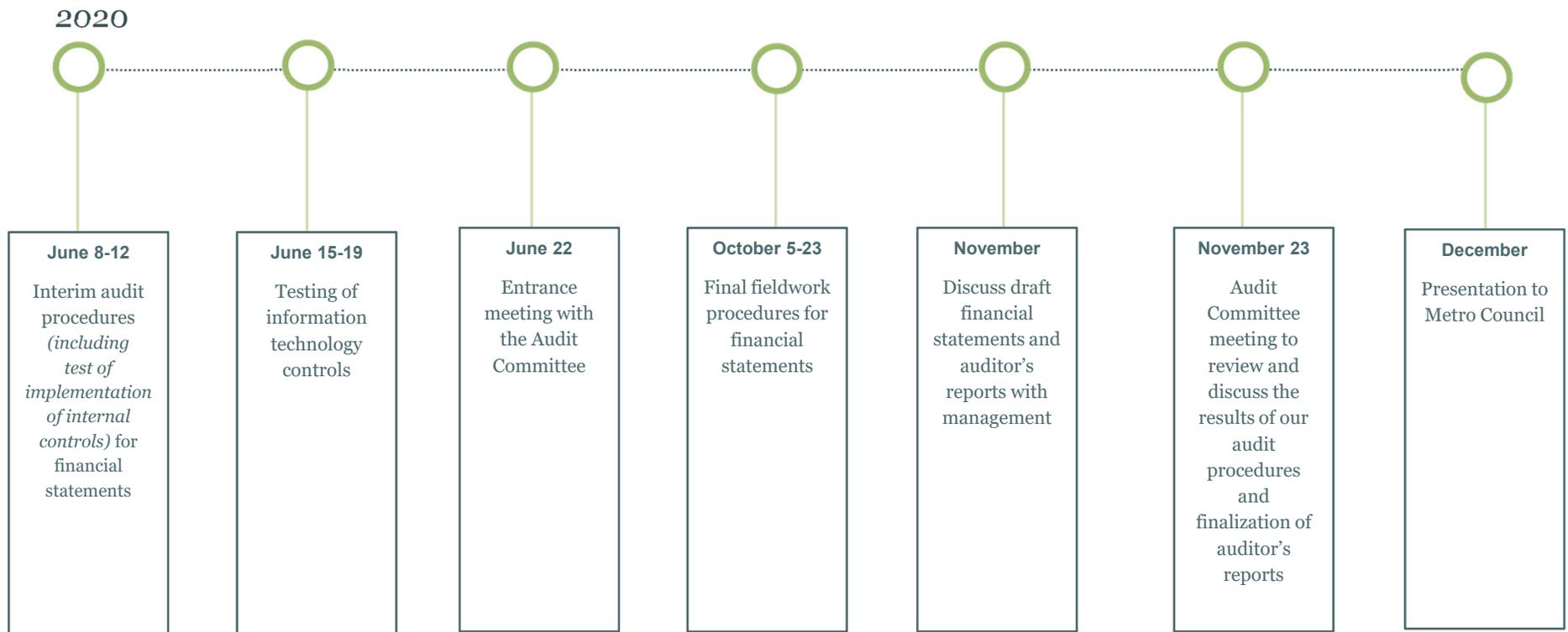
- Brainstorm with team
- Conduct personnel interviews
- Document understanding of internal control
- Consider unusual or unexpected relationships identified in planning and performing the audit

**Procedures we perform:**

- Examine general journal entries for nonstandard transactions
- Evaluate policies and accounting for revenue recognition
- Test and analyze significant accounting estimates for biases
- Evaluate rationale for significant unusual transactions



# Audit Timing



# Recent Accounting Developments

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## New Standards

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Public-Private and Public-Public  
Partnerships and Availability  
Payment Arrangements [GASB 94]

Primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset for a period of time in an exchange or exchange-like transaction.





## New Standards

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Postponement of the Effective Dates  
of Certain Authoritative Guidance  
[GASB 95]

In light of the COVID-19 pandemic, GASB issued GASB 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which is intended to provide relief to state and local governments. The standard postponed the effective dates and provisions of the following pronouncements:

*GASB 83, Certain Retirement Obligations*

*GASB 84, Fiduciary Activities*

*GASB 87, Leases*

*GASB 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

*GASB 89, Accounting for Interest Cost Incurred before the End of a Construction Period*

*GASB 90, Majority Equity Interests*

*GASB 91, Conduit Debt Obligations*

*GASB 92, Omnibus 2020, paragraphs 6-10, 12*

*GASB 93, Replacement of Interbank Offered Rates, paragraphs 13 and 14*





## New Standards

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Subscription-Based Information  
Technology Arrangements [GASB  
96]

Defines accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

Results in a right-to-use subscription asset and a corresponding subscription liability.

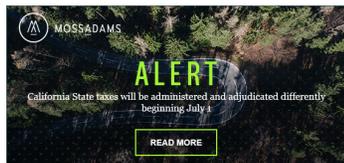
Provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA and requires note disclosures regarding an SBITA.



## INDUSTRY FOCUS

# An Array of Resources

In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. These resources offer what you need to know, when you need to know it, and in the format that fits your life.



### Articles & Alerts

Industry-specific insight and important tax and assurance updates

#### Not-for-Profit Newsletter

*Our Not-for-Profit Newsletter is your resource for updates and insights on accounting, tax, and other topics.*

#### How Tax Reform Could Impact Not-for-Profits

*Understand the provisions of tax reform that could impact your organization.*



### Webcasts

On demand and live sessions with our professionals on technical and timely topics

#### How Tax Reform Could Impact Tax-Exempt Organizations

*Gain insight on key tax reform topics that are relevant to tax-exempt organizations, such as changes to fringe benefits and compensation, unrelated business income, and more.*



### Reports & Guides

A more in-depth look at significant changes and subjects across the accounting landscape

#### Financial Reporting Standards Guide

*This guide provides an overview of the new financial reporting standards as well as a reporting checklist that serves as a helpful reference.*



### Survey

A visual look at not-for-profit trends to help your organization benchmark

#### Not-for-Profit Survey Series

*Our Not-for-Profit Survey Series delivers accurate information about industry trends to help you evaluate your organization's operations.*



# Contact Us

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THANK  
YOU