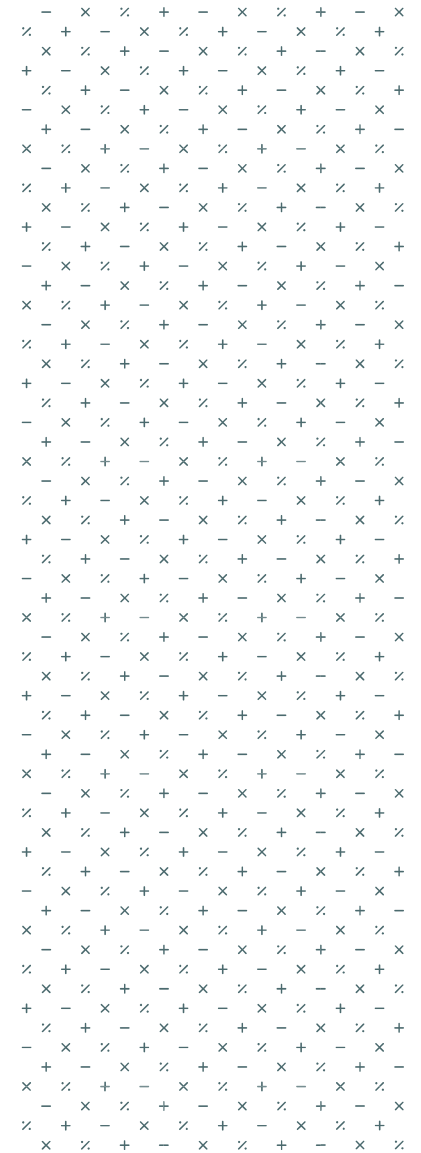




# Audit Entrance

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Better Together: Moss Adams & Metro



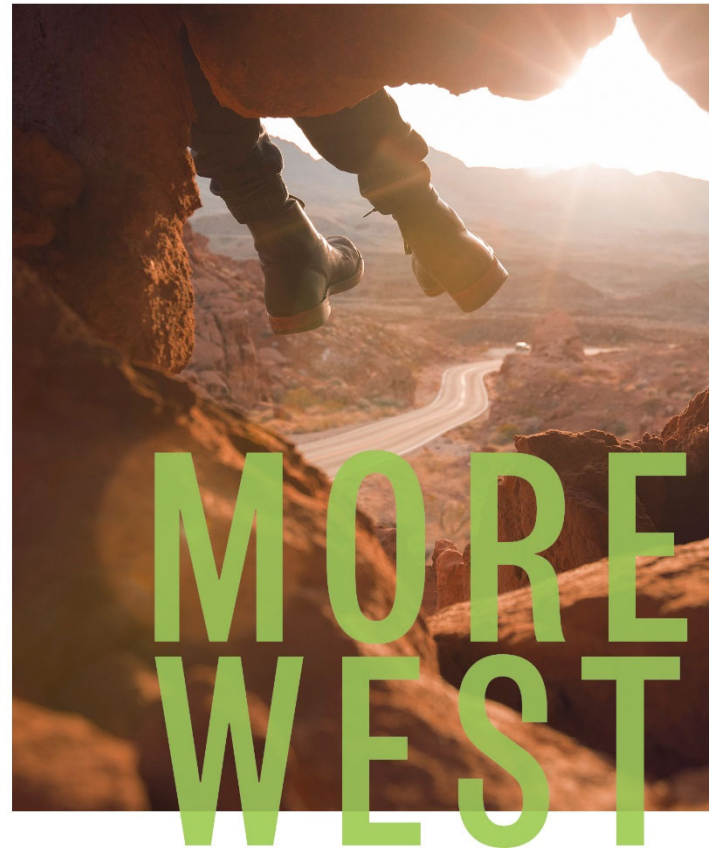
# Audit Committee

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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, 2024. 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.



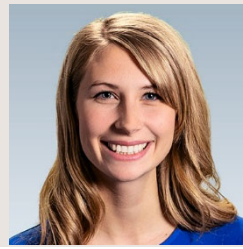
# Your Dedicated Team



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



**Laurie Tish**  
*Concurring Reviewer  
and Partner*



**Anna Waldren**  
*Senior Manager*



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



# Required Communications to Those Charged with Governance



# Our Responsibilities

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

Perform an audit in accordance with:

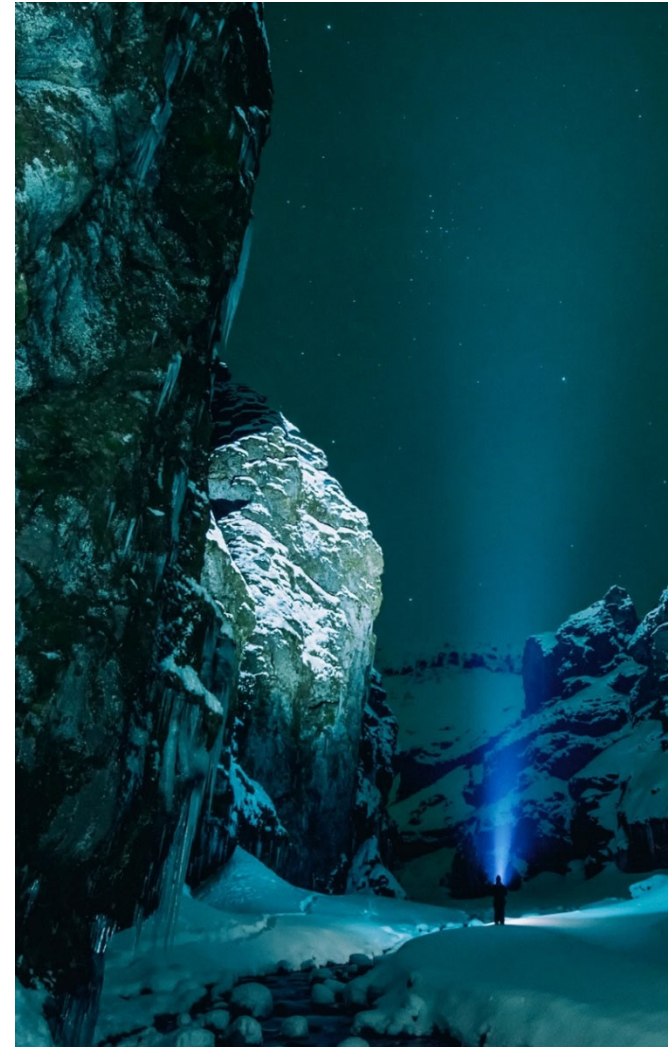
- Generally accepted auditing standards issued by the AICPA
- *Government Auditing Standards* issued by the Comptroller General of the United States

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.

When applicable, communicate particular matters required by law or regulation, by agreement with you, or by other requirements applicable to the engagement.



# Audit Process



## Internal Controls

- Includes walkthroughs and testing of key controls over significant accounting cycles
- Includes information technology



## Analytical Procedures

- Revenue and expenses
- Trends, comparisons, and expectations



## Substantive Procedures

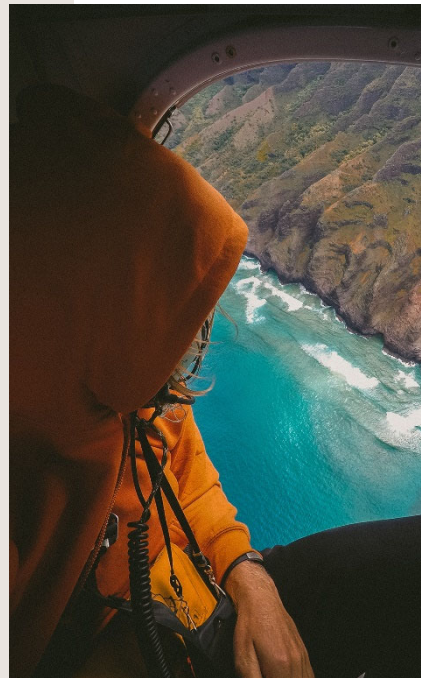
- Confirm account balances
- Vouch to supporting documentation
- Representations from attorneys and management
- Examine objective evidence



# 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:

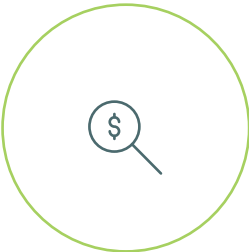
**SIGNIFICANT  
RISK AREAS**

**NATURE,  
TIMING, EXTENT,  
AND SCOPE OF  
TEST WORK**

**FINDINGS OR  
MISSTATEMENTS**



# Significant Audit Areas



**EXISTENCE OF CASH AND VALUATION OF INVESTMENTS ALONG WITH RELATED FINANCIAL STATEMENT DISCLOSURES**



**REVENUE RECOGNITION AND VALUATION OF RECEIVABLES AND ADVANCES**



**EXISTENCE AND VALUATION OF CAPITAL ASSETS**



**COMPLETENESS OF BONDS PAYABLE AND RELATED FINANCIAL STATEMENT DISCLOSURES**



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





# Information Technology Assessment

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## Scoping

### Financial Applications

- PeopleSoft Financials
- PeopleSoft HRMS
- Ungerboeck (USI)
- Weighmaster
- KMIT (Wild Republic)
- SWIS (Solid Waste Info System)
- USeDirect

### Supporting Infrastructure

- Active Directory

## Planned Procedures

### Cybersecurity Questionnaire

### Follow-up on PY deficiencies

### Design & Operating Effectiveness of ITGCs

- Change Management
- Security
- Operations

## Schedule

### Advanced Request List

- Week of April 3<sup>rd</sup>

### Fieldwork

- Weeks of April 15<sup>th</sup> through May 10<sup>th</sup>

### Observation Memo

- Anticipated by May 31

### Final Results

- November Audit Committee



# 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:**

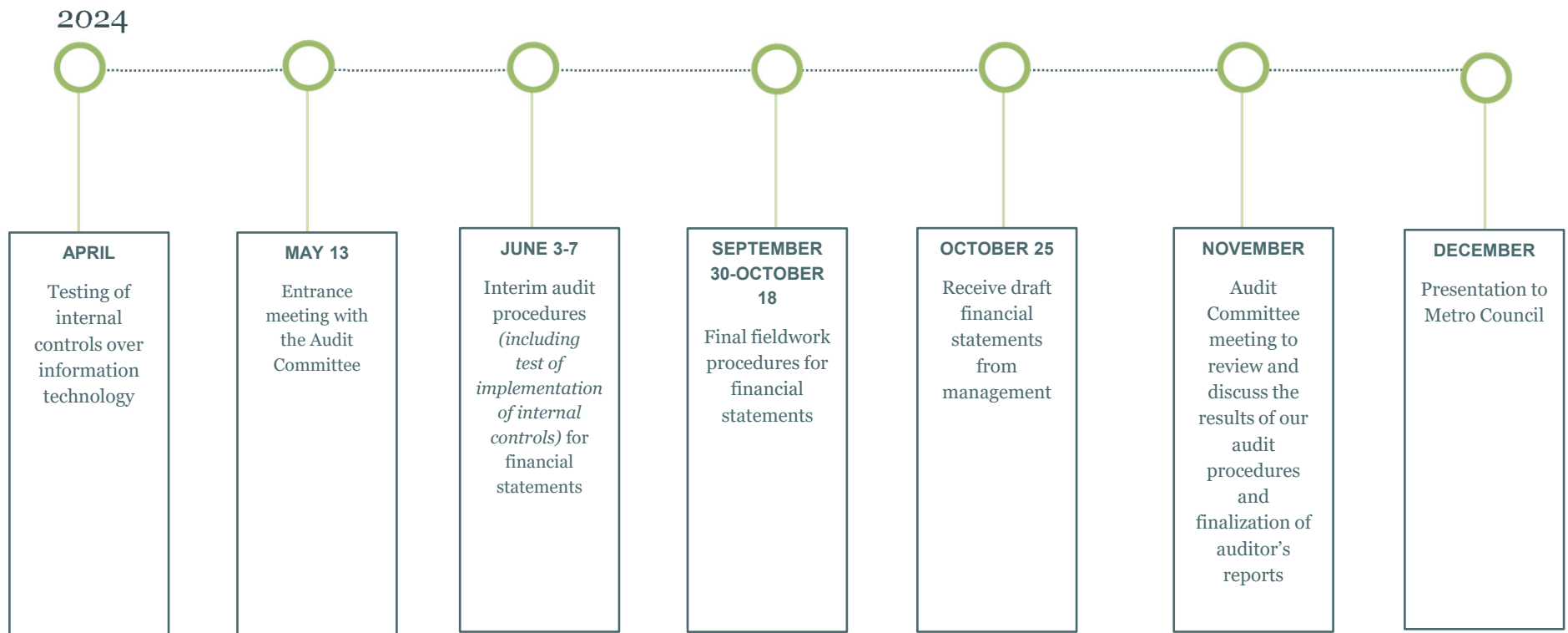
- Brainstorm with team
- Meet with Metro Auditor
- Conduct personnel interviews
- Document understanding of internal control
- Consider unusual or unexpected relationships identified in planning and performing the audit

**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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## Upcoming Standards

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GASB 101 – Compensated Absences – effective for Metro’s 2025 year-end

*This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.*

GASB 102 – Certain Risk Disclosures – effective for Metro’s 2025 year-end

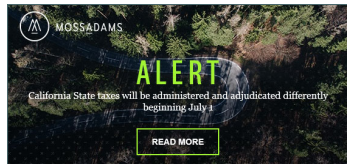
*This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.*



INDUSTRY FOCUS

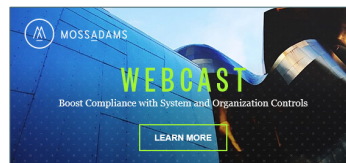
# An Array of Resources

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



## Webcasts

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



## Reports & Guides

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



# Contact Us

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THANK  
YOU