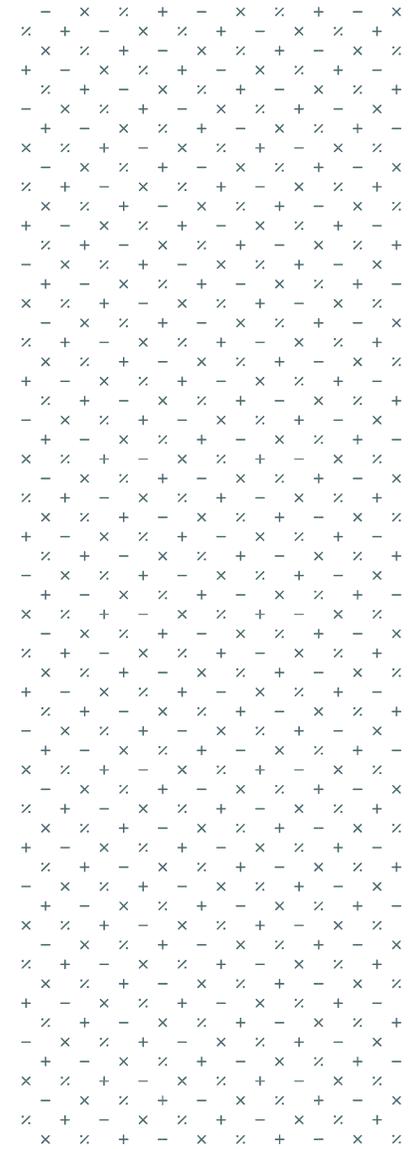




Audit Entrance

Better Together: Moss Adams & Metro

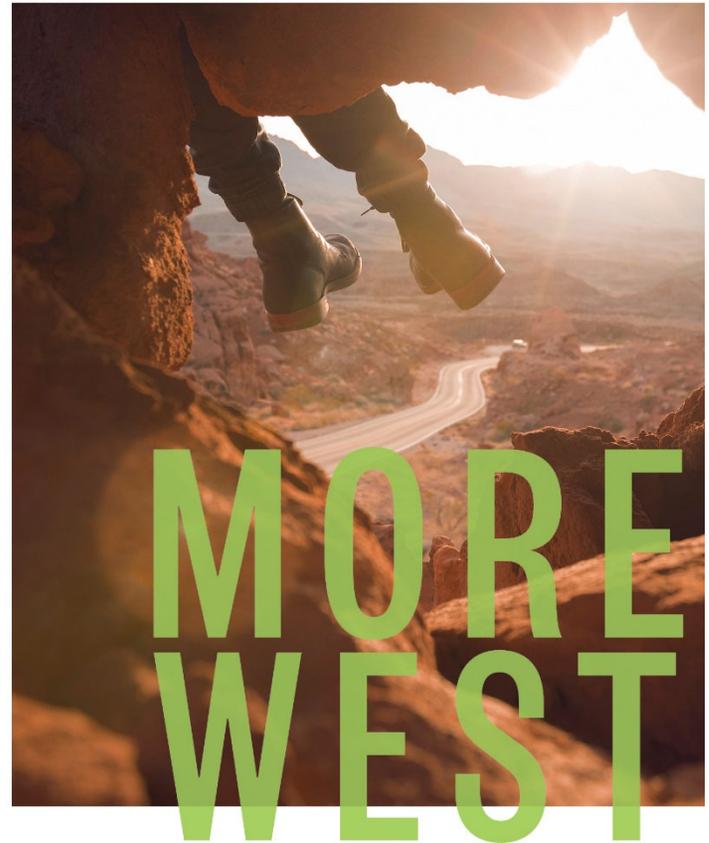


Audit Committee

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, 2021. 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*



Leila Annen
*Senior Manager,
MAAS-IT Consulting*



Janel Smoot
Senior Manager



Required Communications to Those Charged with Governance



Our Responsibility

Assess if the 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



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?

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



CASH AND INVESTMENTS



REVENUE AND RECEIVABLES



CAPITAL ASSETS



BONDS PAYABLE



COMPLIANCE WITH FEDERAL LAWS AND REGULATIONS AND OREGON MINIMUM STANDARDS



Consideration of Fraud



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:

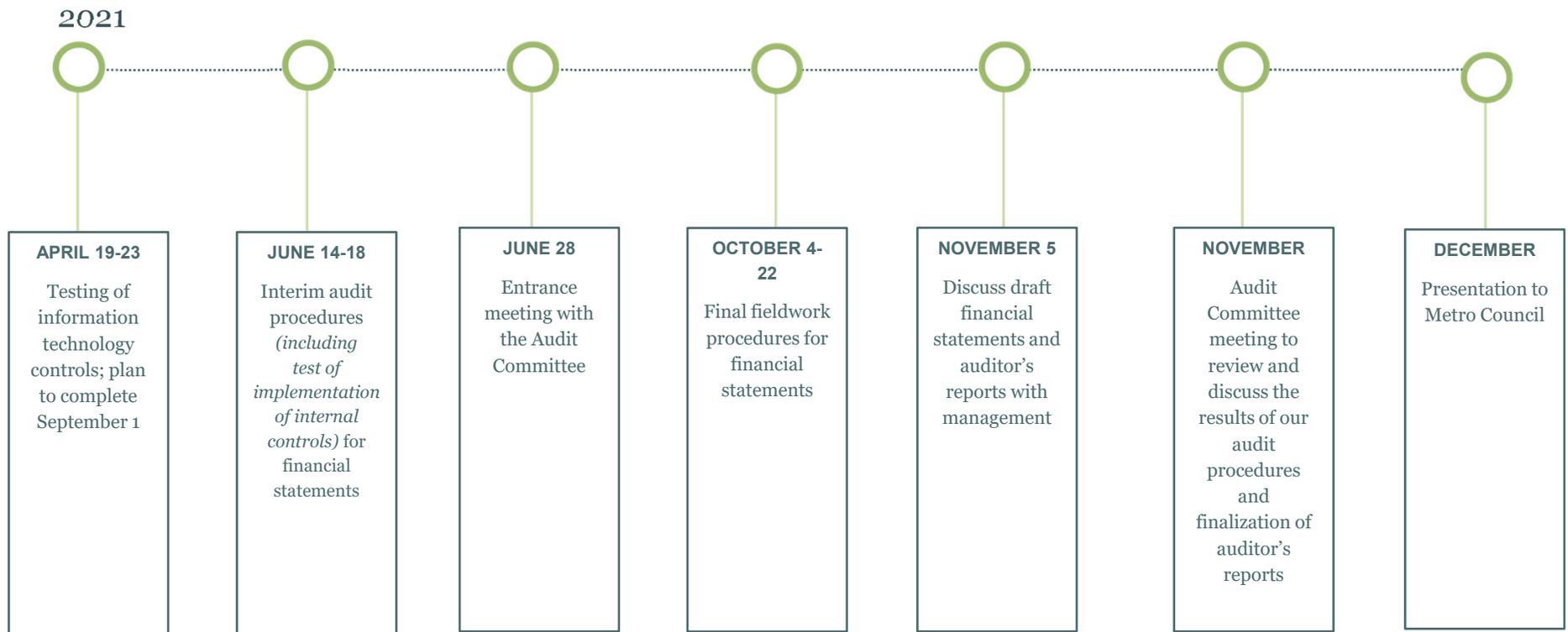
- Brainstorm with team
- Meet with Metro Auditor
- Conduct personnel interviews
- Document understanding of internal control
- Consider unusual or unexpected relationships identified in planning and performing the audit

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





Standards to be Adopted in 2021

GASB 84, Fiduciary Activities

Establishes standards of accounting and financial reporting for fiduciary activities.

GASB 90, Majority Equity Interests

Establishes standards of accounting and financial reporting for majority equity interests.

GASB 97, Certain Component Unity Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – paragraphs 4 and 5 effective immediately

Clarifies certain component unit criteria when there is an absence of a governing board as well as the applicability of the financial burden criterion.





Standards to be Adopted in 2022

GASB 87, *Leases*

Establishes standards of accounting and financial reporting for leases by lessees and lessors and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

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

Establishes accounting requirements for interest cost incurred before the end of a construction period.

GASB 92, *Omnibus 2020*

Addresses a variety of topics including the effective date of new lease guidance in interim financial reports, reporting intra-entity transfers for defined benefit pension plans or other postemployment benefit plans, reporting assets accumulated for postemployment benefits, certain requirements for postemployment benefit arrangements, measurement of assets and liabilities associated with asset retirement obligations, public entity risk pool reporting, nonrecurring fair value measurements, and terminology used to refer to derivative instruments.





Standards to be Adopted in 2022

GASB 93, Replacement of Interbank Offered Rates

Addresses the accounting and financial reporting effects that result from the replacement of an interbank offered rate (IBOR) with other reference rates.

GASB 97, Certain Component Unity Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

Amends the criteria for reporting governmental fiduciary component units to improve consistency and comparability in reporting on fiduciary component units and IRS Section 457 plans.



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



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THANK
YOU