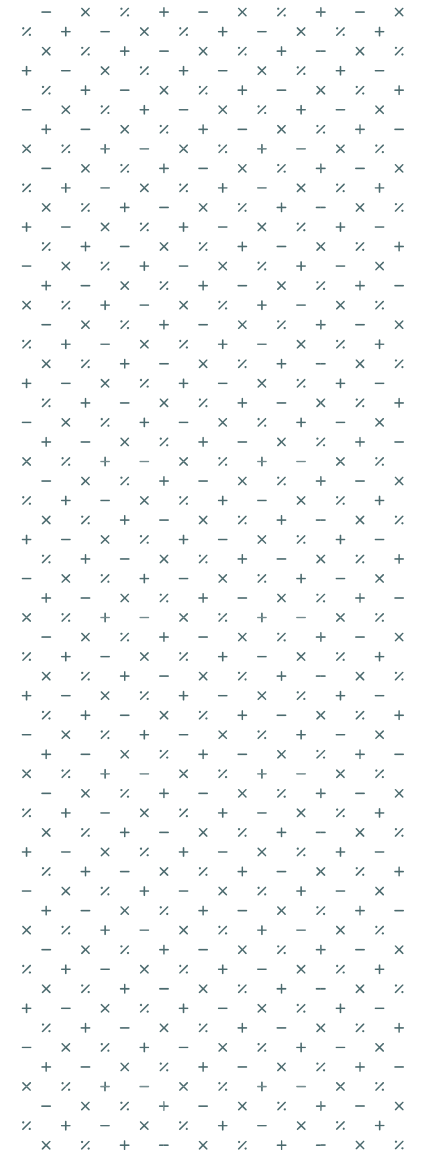




Lane Transit District

2022 Audit Planning Discussion with Board of Directors

Better Together: Moss Adams & Lane Transit District

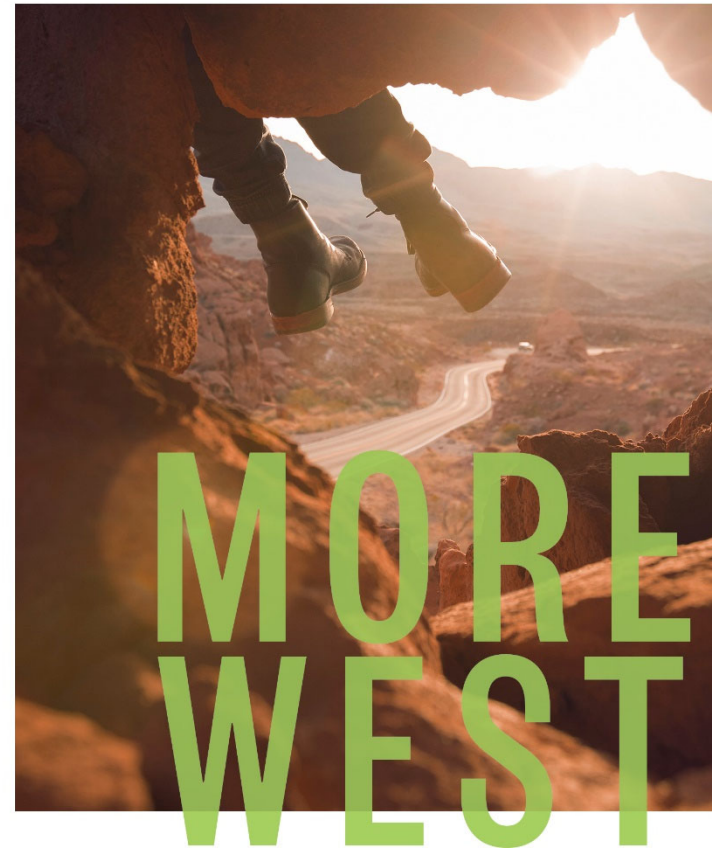


Board of Directors

Dear Board 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 Lane Transit District for the year ending June 30, 2022. 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*



Olga Darlington

*Concurring Reviewer
and Partner*



Kelly Jones

*Audit Senior Manager
and Delegated
Engagement Reviewer*



Required Communications to Those Charged with Governance



Our Responsibilities

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 the 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.



Deliverables

- Report of Independent Auditors on the basic financial statements
- Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Report of Independent Auditors on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs
- Disclosures and Independent Auditors' Comments Required by the Minimum Standards for Audits of Oregon Municipal Corporations
- Communications to those charged with governance
- Management Letter
- Reports of Independent Accountants on Applying Agreed-Upon Procedures – NTD and STIF



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



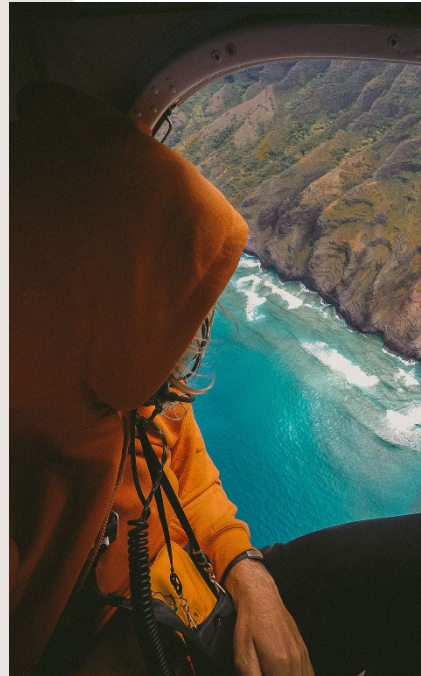
Substantive Procedures

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



What's Materiality?

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** (revenue) and **qualitative** factors (covenants, expectations, or industry factors)

It identifies:

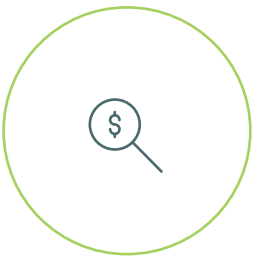
**SIGNIFICANT
RISK AREAS**

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

**FINDINGS OR
MISSTATEMENTS**



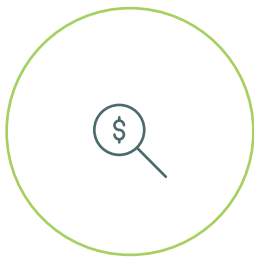
Significant Audit Areas



**REVENUE
RECOGNITION
AND VALUATION
OF RECEIVABLES**



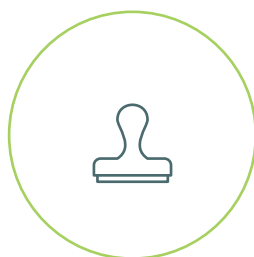
**EXISTENCE AND
VALUATION OF
CAPITAL ASSETS**



**FINANCIAL CLOSE
AND REPORTING**



**PENSION AND
OPEB LIABILITY
AND RELATED
PENSION AND
OPEB EXPENSE**



**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:

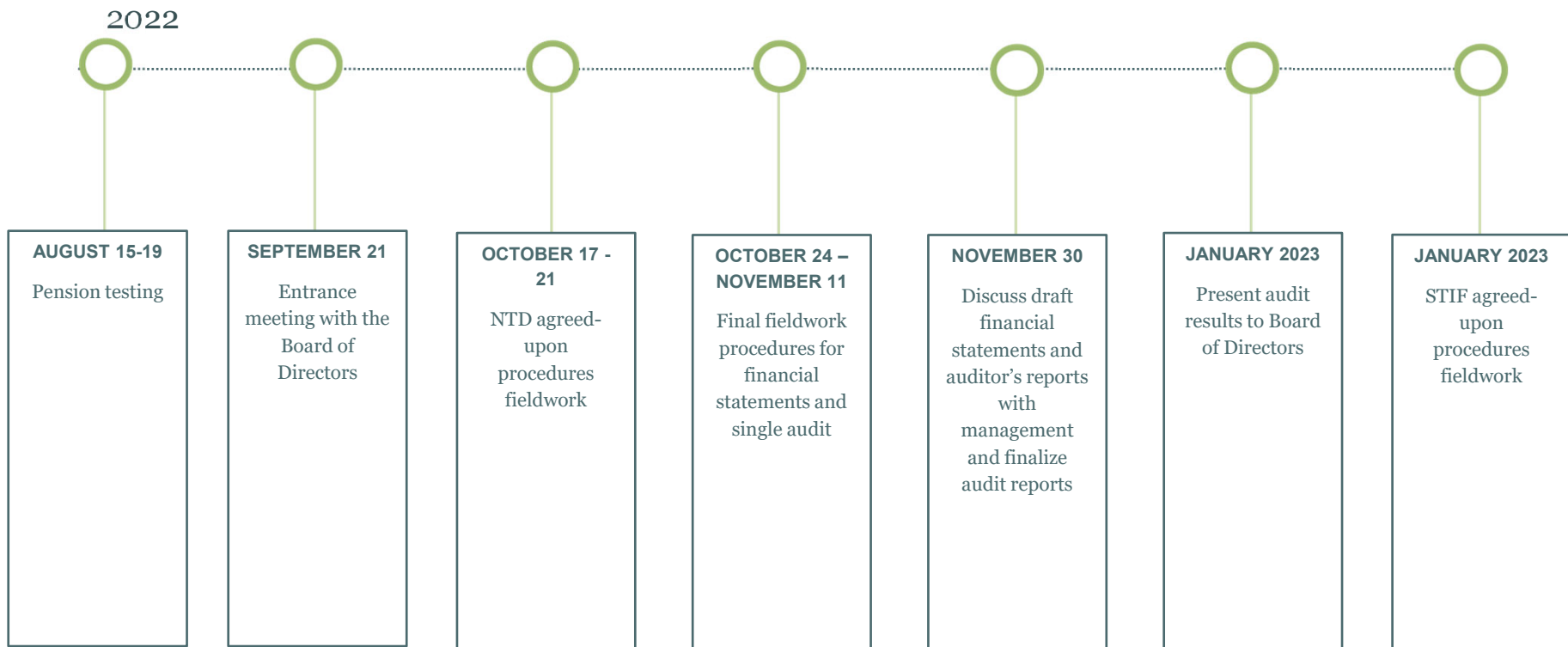
- Brainstorm with team
- Conduct personnel interviews
- Document understanding of internal control
- Consider unusual or unexpected relationships identified in planning and performing the audit

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





New Standards

AUDITOR REPORTING AND AMENDMENTS [SAS 134-140]

- The AICPA recently issued a series of standards that will significantly change the form and content of the auditor's report.
- Changes include, among others:
 - "Opinion" section will appear first, followed by a "Basis for Opinion" section
 - Responsibilities of Management for the Financial Statements
 - Adds management's responsibility to evaluate going concern considerations
 - Auditor's Responsibility for the Audit of the Financial Statements
 - Defines reasonable assurance
 - States that the risk of not detecting a material misstatement resulting from fraud is greater than for one resulting from error
 - Defines material misstatement
 - Identifies auditor's responsibility to evaluate going concern considerations
 - Describes that the auditor is required to communicate with those charged with governance
 - Other Information included in the "annual reports"
 - Revised auditing standard provides transparency related to an auditor's responsibilities for other information included in an entity's annual report and defines "annual report".
 - Other than the reporting requirements, the requirements applies regardless of when the other information is available to the auditor.
 - Written acknowledgment and representation from management is required when there is an annual report.
- These standards are effective for audits of financial statements for periods ending on or after December 15, 2021.



Auditor Reports – Layout Changes

NEW REPORT LAYOUT

- Report on the Audit of the Financial Statements
- Opinion
- Basis for Opinion
- Emphasis of Matter, when appropriate
- Other Matter, when appropriate
- Responsibilities of Management for the Financial Statements
- Auditor’s Responsibilities for the Audit of the Financial Statements

CURRENT REPORT LAYOUT

- Report on the Financial Statements
- Introductory paragraph
- Management’s Responsibility for the Financial Statements
- Auditor’s Responsibility
- Opinion
- Emphasis of Matter, when appropriate
- Other Matter, when appropriate





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 Unit 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.





Standards to be Adopted in 2023

GASB 91, Conduit Debt Obligations

Establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures

GASB 94, Public-Private and Public-Public Partnerships and Availability Arrangements

Improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and provides guidance for accounting and financial reporting for availability payment arrangements (APAs).





Standards to be Adopted in 2023

GASB 96, Subscription-Based Information Technology Arrangements

Improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition.

GASB 99, Omnibus 2022

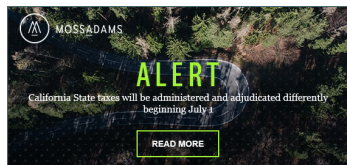
Enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature addressing a variety of topics including leases, PPPs, SBITAs, as well as a variety of other topics.



INDUSTRY FOCUS

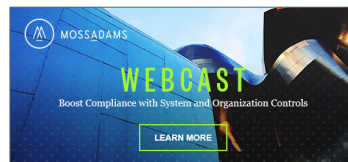
An Array of Resources

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