



Setting the Record Straight

Gray Certified Public Accounting, P.C. annually performs over twenty governmental audits. Our focus over the last ten years has been, and continues to be, governmental entities. Please call us directly to answer questions about our firm.

GASB 45: It's Time to Implement

GASB 45 was put into place to provide more complete, reliable, and decision-useful financial statements. Governmental entities will need to record the costs and financial obligations they have as a result of offering post-retirement benefits, excluding pensions, to their employees. For most governmental entities, this will be the cost of health care benefits offered to retirees. It is a significant expense which has never been valued or reported. Other post-retirement benefits covered under GASB 45 include prescription drug, dental, vision, hearing, life insurance, long-term care, and long-term disability. The "pay-as-you go" method of accounting for these benefits will no longer be allowed on your *government-wide financial statements*.

The last phase of governments will need to implement GASB 45 for years beginning January 1, 2009 or June 1, 2009. Though this may seem months away, now is the time for you to arrange for an actuary to value your post-retirement benefits. Now is the time to discuss GASB 45 with your auditor and how it will affect your audit. Do not wait until the last minute!

Fire District Audits : Audit the LOSAP or Not?

If your Fire District has a Length of Service Award Program (LOSAP), that program must be audited for the District to receive a "clean" audit opinion. New York State allows two options:

Option 1— For those Districts that are annually audited by an independent certified public accountant, the audit of your LOSAP can be included as part of your annual audit. The New York State Office of the Comptroller and the New York State Society of Certified Public Accountants agreed that the audit of the LOSAP will consist of a

footnote disclosure to the Annual Update Document (AUD). This disclosure can be prepared by your actuary and audited by your auditor. Your auditor is not required to evaluate the internal controls of your LOSAP.

Option 2 — If your District is not audited each year, you have the option of having only the LOSAP audited. Auditors are required to conduct this audit in accordance with the AICPA Audit and Accounting Guide for Employee Benefit Plans. The second option will normally be more costly than the first.



If you have not planned for your audit, now is the time to get proposals from an independent certified public accountant and determine how to handle the audit of your LOSAP.

New GASBs Become Effective

GASB 51— Intangible Assets. Effective for fiscal years beginning after June 15, 2009, GASB 51 requires recording intangible assets on your depreciation schedule. Government intangible assets include easements and land use rights. Intangible assets lack physical substance, are nonfinancial in nature, and have an initial useful life beyond one year. As always, the GASB contains very specific guidance. Read the GASB, identify your intangibles, and call your auditor.

GASB 52 — Land and Other Real Estate Investments Held as Investment by Endowments. This statement requires endowments to report land and other real estate investments at fair value. Changes in fair value must be reported as investment income. You must also disclose the methods and significant assumptions used to determine fair value.

The statement will become effective for fiscal years beginning after June 15, 2008, but earlier implementation is encouraged.



SAS 112: Where Do We Go From Here?

As you are aware, SAS 112 has been effective for two audit years and you must evaluate what should be done to avoid a material weakness on your next audit. Keep in mind that SAS 112 relates to not only about your ability or inability to prepare your own financial statements. SAS 112 is about material weaknesses in internal controls. The ability/inability to prepare a set of financial statements is only one item that may lead to a material weakness. One of the things you should be doing before your next annual audit begins is evaluating how to avoid having adjustments recorded by your auditor. You should begin by reviewing the previous year's financial statements and the adjusting journal entries that your auditor suggested. Your auditor's adjustments should be recorded as of the last day of the year audited. Adjustments to receivables, payables, and prepaids should then be reversed on the first day of the next year.



Before you close your books for the year, you should make sure that you have made the same adjustments at year end, if necessary, as your auditor made the previous year. Receivables, including water and sewer receivables, the Town Clerk's December report, and December justice court fees, should be recorded. A portion of your New York State Employee Retirement bill should be recorded as a payable or prepaid. Payables should be recorded; anything you have contracted for or received before the end of the year, but have not yet paid for should be recorded as a debt of the current year.

You can also show your understanding of your financial statements by preparing the adjustments required for your government-wide financial statements. These are the adjustments required to prepare a set of full-accrual financial statements. Your auditor's previous year adjustments can be used as your guide.

While providing your auditor with a clean trial balance to begin an audit does not guarantee that a material weakness will not be cited, it does go a long way towards showing that you do have an understanding of generally accepted accounting principles and financial statement preparation.

Our Team is Changing

We are pleased to announce the addition of Valeriya B. Reid and Jennifer M. Reilly to our team. We are sure that you will enjoy working with them.

Valeriya Reid is a 2008 SUNY Brockport graduate with two tax seasons completed working for a sole proprietor. We are very pleased to have Val as a part of our team.

Jennifer Reilly is a 2007 graduate of Bryant and Stratton College and she holds an associates degree in Administrative Assisting. Jennifer will be responsible for processing financial statements and tax returns as well as handling the firm's client communications.

Our Firm

Gray Certified Public Accounting, P.C. has the professional qualifications and experience to provide the prompt, capable service you expect from a CPA firm at the reasonable cost upon which you insist. We do this by employing experienced people who are able to work quickly and efficiently. We retain our experienced employees. We are flexible and structure every engagement to meet our client's needs, while intruding minimally on your normal functions.

We annually audit Towns, Villages, and other government entities, including libraries, economic development agencies, and water conservation districts. We have performed many local government audits including government-wide single audits, Department of Housing and Urban Development grant program audits, Rural Development grant program audits, Federal Emergency Management Assistance program audits, New York State grant program audits, and audits and internal control reviews of the Justice Court, Town Clerk, Tax Collector, and Bookkeeper functions. We can be of service to you in performing your annual audit and in making recommendations to improve your financial management and internal controls. We happily provide references!

We have been Peer-Reviewed many times and continuously receive complimentary reports from the American Institute of Certified Public Accountants.

Our audit team members are members of the American Institute of Certified Public Accountants and the New York State Society of Certified Public Accountants.

If we can be of any assistance or answer any questions, please call Dawn M. Minemier, CPA at (585) 262-5090, ext. 220.