



**CPAs & BUSINESS ADVISORS**

# **HAUNTINGLY EFFECTIVE YEAR-END CLOSE PRACTICES**

Government Finance Officers Association of Texas Fall Conference – October 31, 2024

# PRESENTERS



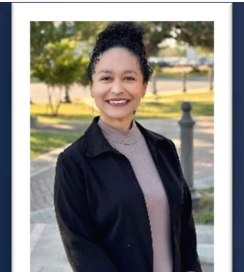
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# FOCUS AREAS FOR TODAY'S PRESENTATION

- Introductory Comments About the Year-End Process
- Best Practices and Common Challenges Handling the Year-End Process
- Case Study: City of Pleasanton, TX.
- Questions and Answers



# GETTING STARTED

# INTRODUCTORY COMMENTS

- Lots of year-ends closed between the two of us - cities worked for and now cities we serve
- Will share some insights helping assure a smooth year-end process
- Introduce a concept that may be new to some - a hybrid approach to managing year-end – partnering with a 3<sup>rd</sup> party to assist with the peaks in the work or handle more “technical” matters when:
  - Staffing Challenges – turnover or lack support for more staffing
  - Need technical expertise to address new GASB’s, etc.
- City of Pleasanton has used this model with great success – will share their experience



# GETTING STARTED ON YEAR-END – START EARLY!!!!

- Planning, Planning, Planning – there are many things that get you started on the path toward a smooth and successful year-end
  - Talk early with your auditors about timing – planning meeting to identify any new challenges in the audit this year
  - Know when YOU want to be done - be realistic, not everyone can be the first audit completed each year
  - Close months timely during the year; don't wait to year-end to “catch up”
  - Get the bank reconciliations done!!
  - Use a checklist to guide you through year-end; assign tasks with due dates to specific staff members
  - Determine if external assistance (hybrid approach) is desirable to help get to the finish line
  - Have regularly scheduled check-ins with your team and the auditor



# **BEST PRACTICES AND COMMON CHALLENGES**

# OPENING SURVEY

- How Do You Feel About Year-End Close/Audit Preparation?
  - A. I'm ready each year. Bring it on!
  - B. It's always a last-minute scramble, but we get through it.
  - C. I'm secretly updating my resume in another window while trying to figure out my [insert least favorite section here] entries.
  - D. I don't have to worry about year-end, I took care of it last year.



# PLANNING AND PREPARATION

- **Early Planning**
  - Setting timelines and deadlines
  - Identifying key tasks and responsibilities
- **Year-End Checklist**
  - As detailed as possible
  - Customized to your unique situation
- **Communication**
  - Coordinating with departments and stakeholders
  - Regular updates and meetings

# RECONCILIATIONS

- **Account Reconciliations**
  - Bank reconciliations for all bank/investment accounts
  - Reconciliations for all balance sheet accounts
    - Start with significant accounts (e.g., Accounts Receivable and Accounts Payable), but work to have a reconciliation for every balance sheet account
  - Addressing discrepancies
    - Ensuring all accounts are balanced
    - Identify valid reconciling items
- **Asset Management**
  - Conducting physical inventory counts
  - Verifying and updating fixed asset records
  - Rollforward schedule

# OTHER CLOSE ACTIVITIES

- **Long-Term Debt**
  - New debt issues, current year payments, and accrued interest
  - Amortization of premiums/discounts and gains/losses on refunding
  - Rollforward schedule
- **Revenue & Expense Accruals**
  - Calendar/timeline for significant revenue payments
  - Year-end expense cut-off procedures
  - Payroll accruals and compensated absences
  - DIY review of months subsequent to year-end
- **Technical accounting areas (e.g., GASB 68, 75, 87, & 96)**
  - Handled in-house or by external consultants
  - What work can be performed during the year vs. at year-end

# REVIEW

- **Budget to Actual Reviews**
  - Identify outstanding transfers, ISF charges, etc.
  - Identify significant variances from budget
    - Determine if entry/correction needed, or valid variance
- **Documentation Review & Organization**
  - Supporting documents/templates for major closing areas
  - Anticipate auditor questions/requests

# TRAINING & SUPPORT

- **Staff Training**
  - Providing training on year-end procedures
  - Ensuring staff are up-to-date with best practices
  - Succession planning and cross training
- **Thorough Documentation**
  - Aids with audit readiness and organization
  - Mitigates negative impacts of staff turnover

# CONTINUOUS IMPROVEMENT

- **Feedback and Evaluation**
  - Gathering feedback from staff
    - After action reports, post-mortem analysis, etc.
  - Evaluating the year-end close process
  - Department “Report Cards”
  - Recognition for “super star” departments
- **Process Improvements**
  - Identifying areas for improvement
  - Implementing changes for the next cycle
  - What tasks can be performed more frequently (semi-annually or quarterly) to expedite the year-end process?

# COMMON CHALLENGES

- **Time Constraints**
  - Managing tight deadlines
  - Balancing year-end close with ongoing operations
- **Resource Limitations**
  - Managing limited staff and resources
  - Ensuring adequate training and support
- **Compliance Issues**
  - Keeping up with changing regulations
  - Ensuring all requirements are met



# **CASE STUDY: CITY OF PLEASANTON**



# CASE STUDY – HYBRID APPROACH TO YEAR-END

- **City of Pleasanton, TX**
  - Population of 12,000 with a staff of about 120 FTEs
  - City is known for “The Birthplace of the Cowboy”
  - City has a Police Dept, Public Works, Library, Museum, Airport, Municipal Court, and City Hall
- **FY 2022 Audit**
  - Behind on FY2022 audit, creating delay in bond issuance
  - Capital Assets and GASB 87 Implementation work was still outstanding
  - Auditor suggested an outside resource to assist – brought in Eide Bailly
  - Got everything wrapped up and issued three weeks later, on October 17, 2023
  - Bonds got issued – Happy City Manager!!



# CASE STUDY – HYBRID APPROACH TO YEAR-END

- **FY 2023 Audit**
  - Very pleased with the focused help on FY2022 audit; retained Eide Bailly for FY2023 audit
  - Worked together from start of the audit – much smoother process
    - Had catch up due to prior year’s audit; but issued timely by March 31, 2024
- **FY FY2024 Audit**
  - Very pleased again and signed up for another round
  - Just kicking off, but things are cleaned up and City on track to issue first ACFR in January/February
- **Additional Services**
  - Strong relationship developed – asked for assistance with other work due to technical expertise or simply volume of work (i.e., ClearGov implementation and budget book assistance, policy development)

# CASE STUDY – HYBRID APPROACH TO YEAR-END

- Summary Thoughts about Hybrid Approach
  - Helped stay organized
  - Was able to continue my job duties
  - Loved it and will continue to use



# CONCLUSION AND RESOURCES

# CONCLUSION

- Recap of Best Practices
  - Start early!
  - Ensure constant internal and external communication throughout the process
  - Have a contingency plan in place (staff reallocation, external consultants) to pivot when things get off track
  - Develop detailed documentation (e.g., checklists and templates) based on your unique needs
  - Evaluate your process at least annually to identify areas for improvement

# HELPFUL RESOURCES

- GFOA best practice considerations for timely financial reporting
  - <https://www.gfoa.org/materials/timely-financial-reporting>
- Take advantage of relevant educational sessions from GFOA, GFOAT and other organizations
- Seek advice from your mentors and your network
  - Others have been in the same situation and solved the same problems
- Staff augmentation/outsourcing



# Questions?

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