

City of Wylie

City Council Meeting

January 28, 2025



Overview

- ▶ Introduction
- ▶ Audit Process
- ▶ Audit Results
- ▶ Required Communications
- ▶ Financial Highlights
- ▶ Discussion

John DeBurro, CPA

Partner,
Assurance Services

- ✓ 25+ years of public accounting experience
- ✓ Dedicated to serving public sector clients
- ✓ GFOA Special Review Committee Member

Lauren Futch, CPA

Manager,
Assurance Services

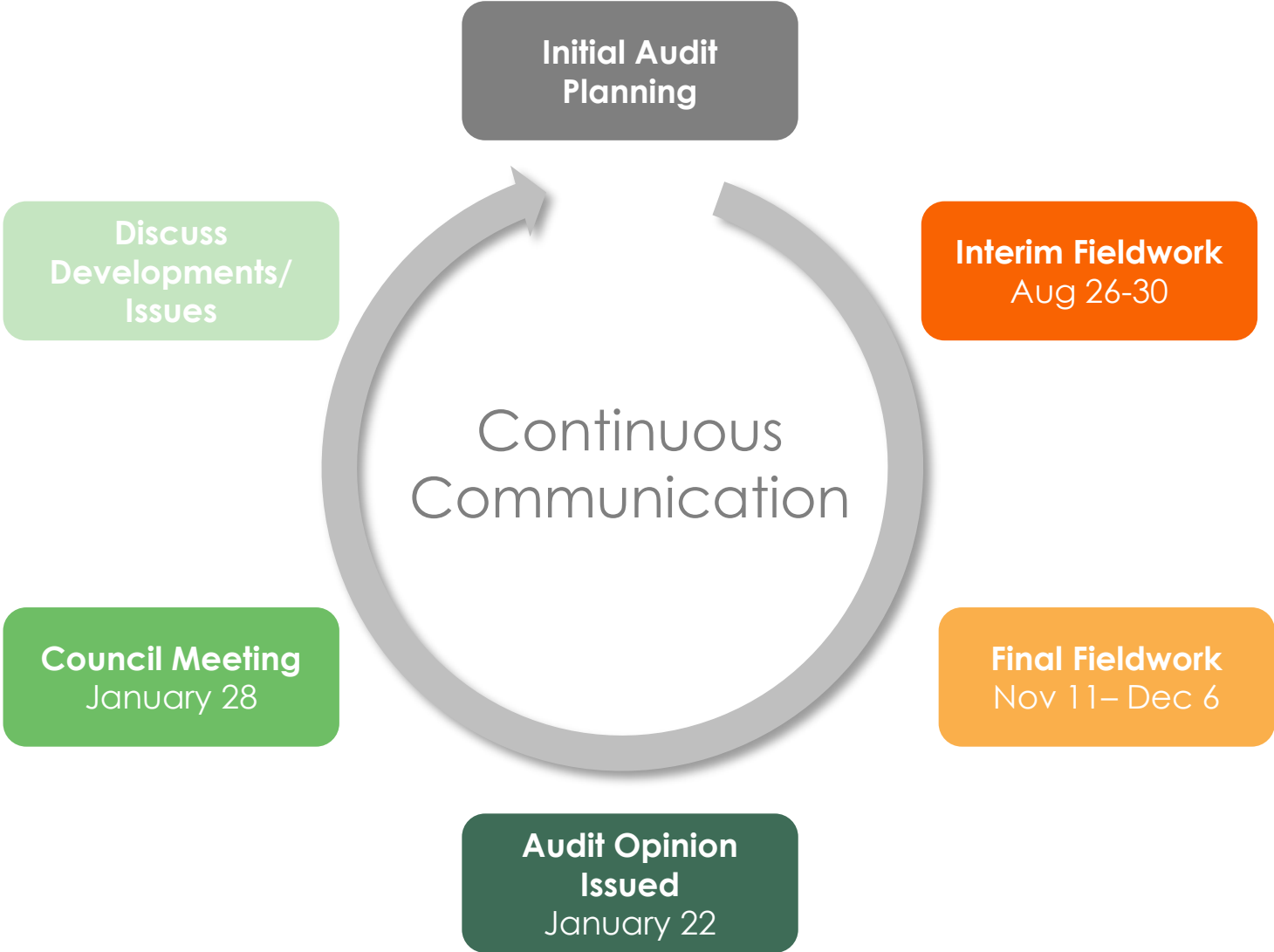
- ✓ 8+ years of public accounting and public sector experience
- ✓ Dedicated to serving public sector clients

Available Throughout the Year to Discuss Issues

Audit Process



Engagement Timeline



Audit Process

- The audit was performed in accordance with **Generally Accepted Auditing Standards (GAAS)**, **Generally Accepted Government Auditing Standards (GAGAS)**, and **The Uniform Guidance**.
- The audit process was a **risk-based approach** in which we identified potential areas of risk that could lead to material misstatement of the financial statements. We tailored our audit programs and resources to specifically address areas of risk, such as:
 - **Revenue recognition and related receivables**
 - Capital projects, purchasing and compliance with bidding procedures
 - Payables, accrued liabilities, and expenditures
 - Cash and Investments
 - Long-term debt



Interim fieldwork and risk assessment were performed in August 2024. Procedures included:

- **Walkthroughs** of accounting controls over significant transaction cycles:
 - A. Cash Disbursements and Purchases
 - B. Payroll Disbursements (including TMRS data)
 - C. Cash Receipts
 - A. Utility Billing Receipts
 - B. Municipal Court
 - C. Parks and Recreation
 - D. Other
 - D. Budget and Financial Close Process
- **Tests of compliance** with the Public Funds Investment Act
- **Control testing** over cash disbursements and payroll

Final fieldwork- performed in November and December 2024 - Procedures included:

- **Testing** account balances and current year activity using a combination of:
 - analytics, vouching of material transactions, and sampling
- **Assisted** with preparation of the annual comprehensive financial report (ACFR)

The background of the slide is a close-up, slightly blurred photograph of a pencil tip resting on a sheet of lined paper. A solid green horizontal band is overlaid across the middle of the image, containing the text 'Audit Results'.

Audit Results

Auditor Results

- We issued the Independent Auditor's Report on the financial statements
 - **Unmodified (Clean) Opinion**
- We issued the Independent Auditor's Report 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
 - **No material weaknesses noted**



Auditor Communications

for the year ended September 30, 2024



Weaver**Views**

Required Communications to Those in Charge of Governance



Communication

Generally accepted auditing standards

Results

The financial statements are the responsibility of the City. Our audit was designed to provide for reasonable rather than absolute assurance that the financial statements are free of material misstatement. Our responsibility is to express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

The audit of the fiscal year 2024 financial statements is complete and **we have issued an unmodified (“clean”) opinion.**

Required Communications to Those in Charge of Governance

Communication

Generally accepted government auditing standards

Results

In addition to the GAAS responsibilities, we are required to issue a written report on our consideration of internal controls and identify significant deficiencies, including material weaknesses, if any. Our reports do not provide assurance on internal controls. We design our audit to provide reasonable assurance of detecting material misstatements resulting from noncompliance with provisions of contracts or grant agreements that have a direct or material effect on the financial statements. We issue a written report on the results of these procedures; however, our report does not express an opinion on compliance.

No findings noted.

Required Communications to Those in Charge of Governance



Communication

Unusual transactions and the adoption of new accounting principles

Results

The significant accounting policies used by the City are described in Note 1 to the financial statements.

Pronouncements implemented in 2024 included GASB Statement No. 100, "*Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*". GASB 100 had no effect on the City's FY2024 financial statements.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

Required Communications to Those in Charge of Governance

Communication	Results
Fraud and illegal acts	No material errors, irregularities, or illegal acts were noted.
Material weakness in internal control	No material weaknesses noted.
Other information contained in documents containing audited financial statements	We provided an “in relation to opinion” on supplementary information accompanying the financial statements. We performed limited procedures on the required supplementary information. We did not provide any assurance on this information. The Introductory and Statistical sections were both unaudited.
Management judgments and accounting estimates	Management's estimates of net pension and OPEB liabilities, allowance for uncollectible receivables, and estimated useful lives for capital assets were evaluated and determined to be reasonable in relation to the financial statements as a whole.

Required Communications to Those in Charge of Governance



Communication	Results
Difficulties encountered	No difficulties or disagreements arose during the course of our audit.
Management representations	We requested certain representations from management that were included in the management representation letter.
Management consultations	We are not aware of management consulting with other accountants for a second opinion.
Auditor independence	No independence issues noted.
Audit adjustments	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There was one passed adjustment noted during the audit regarding SBITA that was considered immaterial.</p> <p>We made no material audit adjustments as a result of our audit procedures.</p>



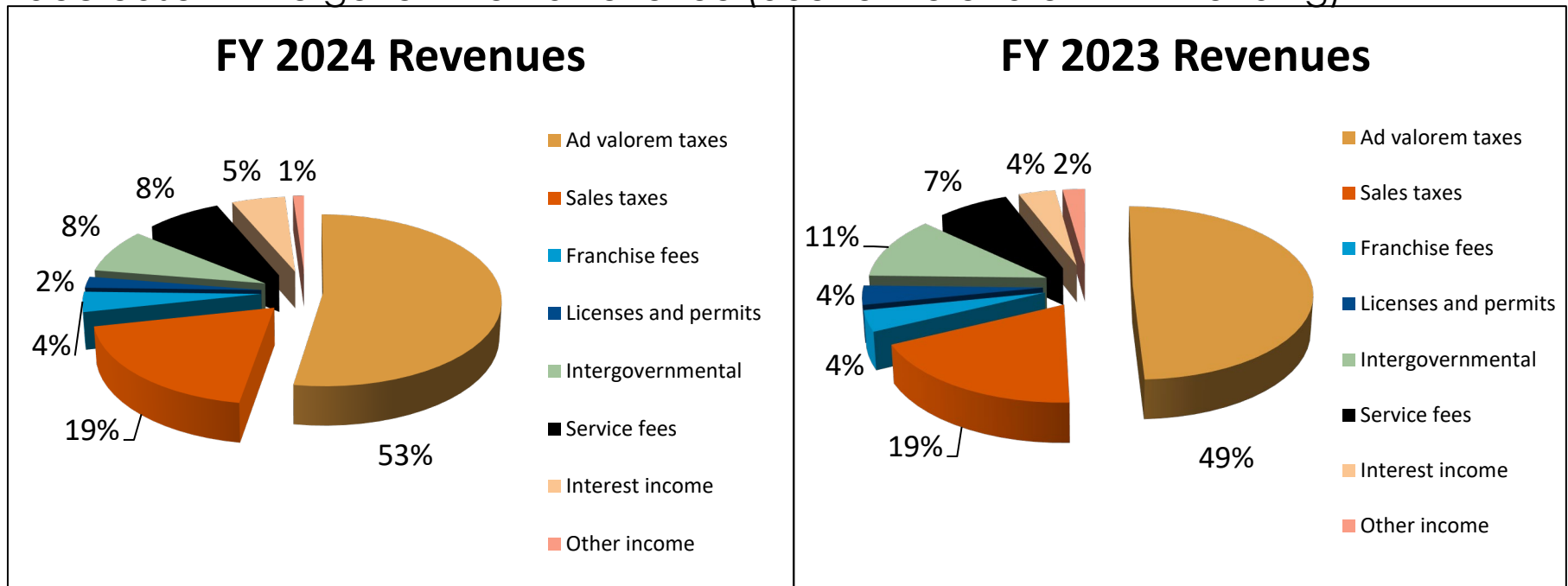
Financial Highlights

Weaver**Views**

Financial Highlights

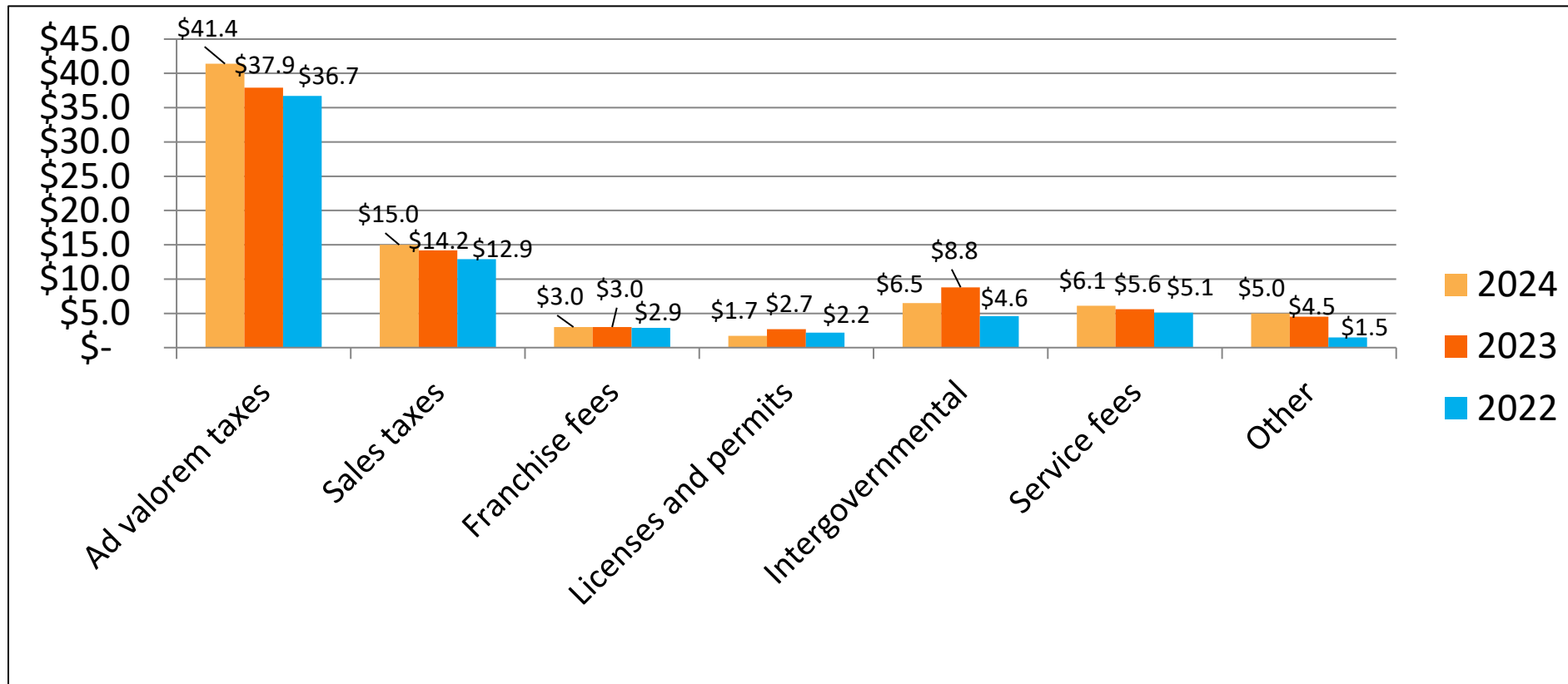
Comparison of Revenues by Source

Governmental Funds Revenues for the FY 2024 totaled \$78.7 million, a \$2.0 million or 2.6% increase. This increase is attributed primarily to the net effect of a \$3.5 million increase in ad valorem taxes, a \$0.8 million increase sales taxes and a \$2.3 million decrease in intergovernmental revenue (due to the end of ARPA funding)



Financial Highlights

Comparison of Governmental Funds Revenues by Source

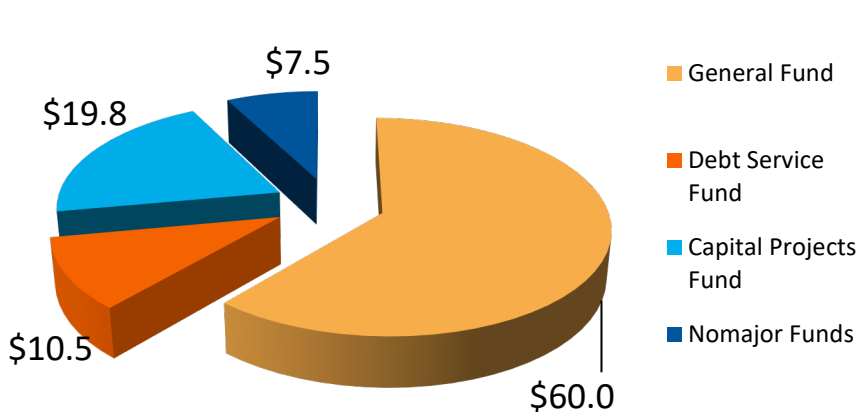


(3-year comparison in millions of dollars)

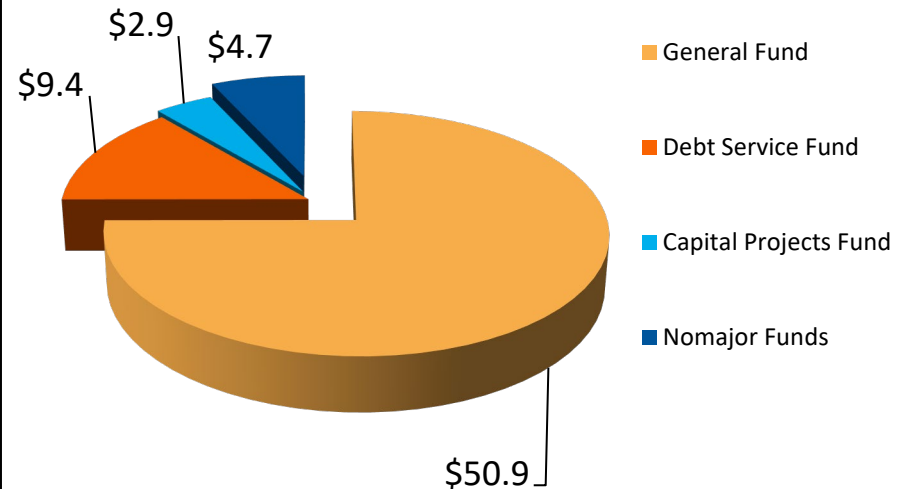
Financial Highlights

Comparison of Governmental Expenditures by Fund (In millions of dollars)

Fiscal Year 2024



Fiscal Year 2023

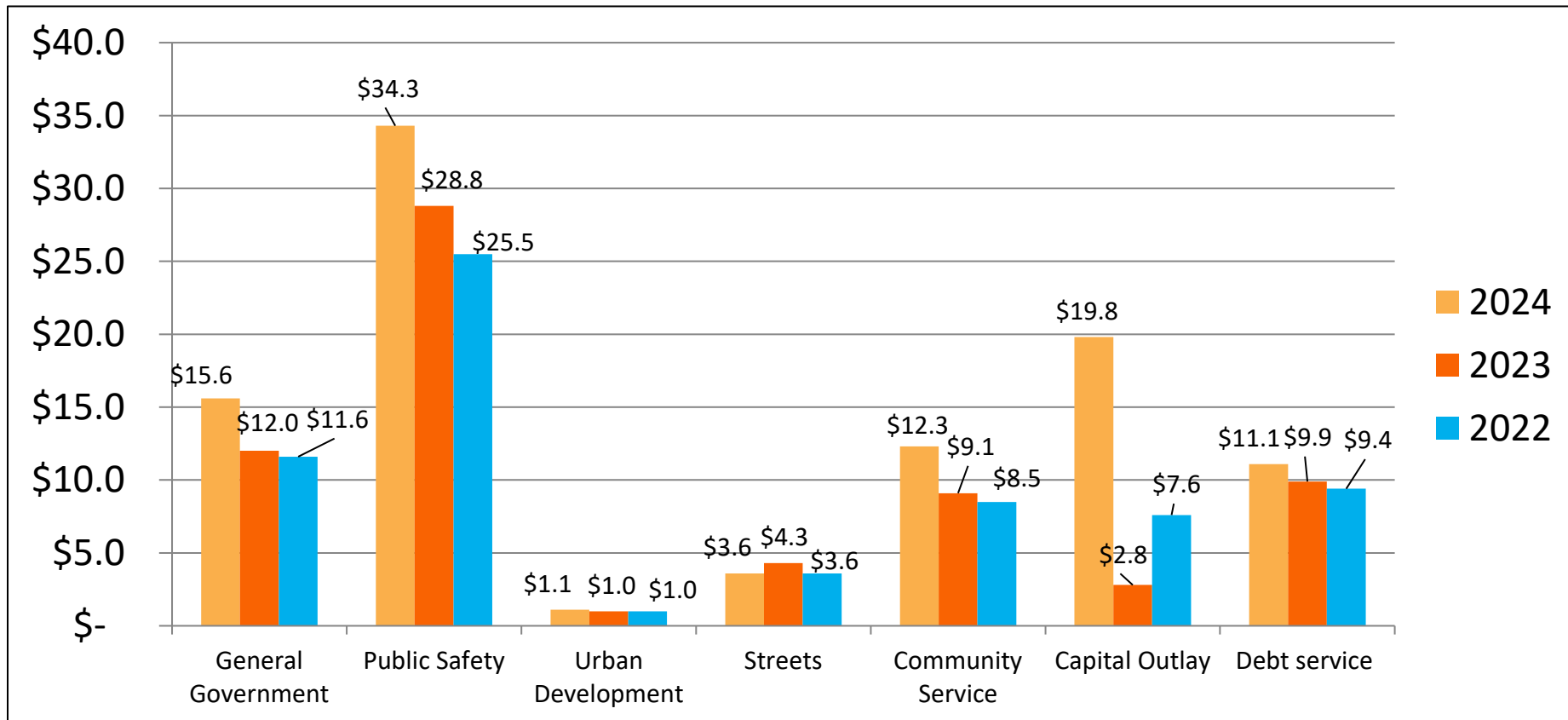


Governmental Funds Expenditures for FY2024 totaled \$97.8 million, a \$29.9 million or 44.0% increase.

- Capital outlay expenditures increased \$17.0 million.
- Public safety expenditures increased \$5.5 million.
- General government increased \$3.6 million and community service increased by \$3.2 million.

Financial Highlights

Comparison of Governmental Funds Expenditures *



*(3-year comparison in millions of dollars)

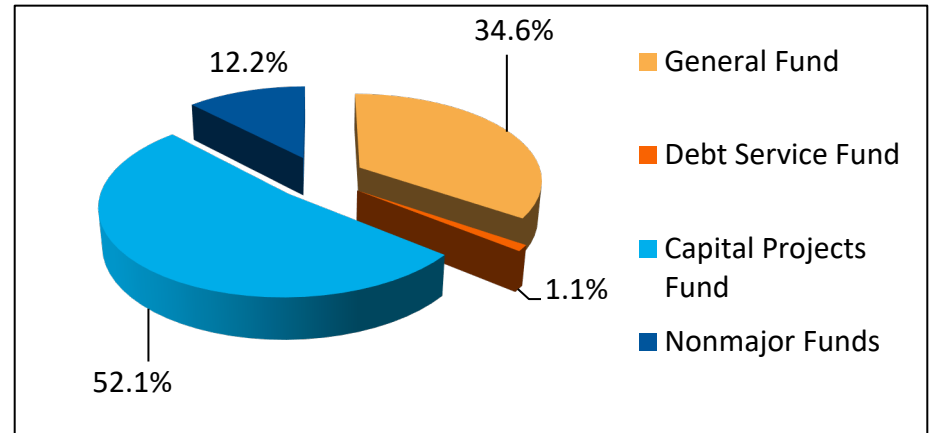
Financial Highlights

Fund Balances

Governmental Funds' Fund Balances

The City's governmental funds reported a combined ending fund balance of \$79.0 million as of September 30, 2024 as follows:

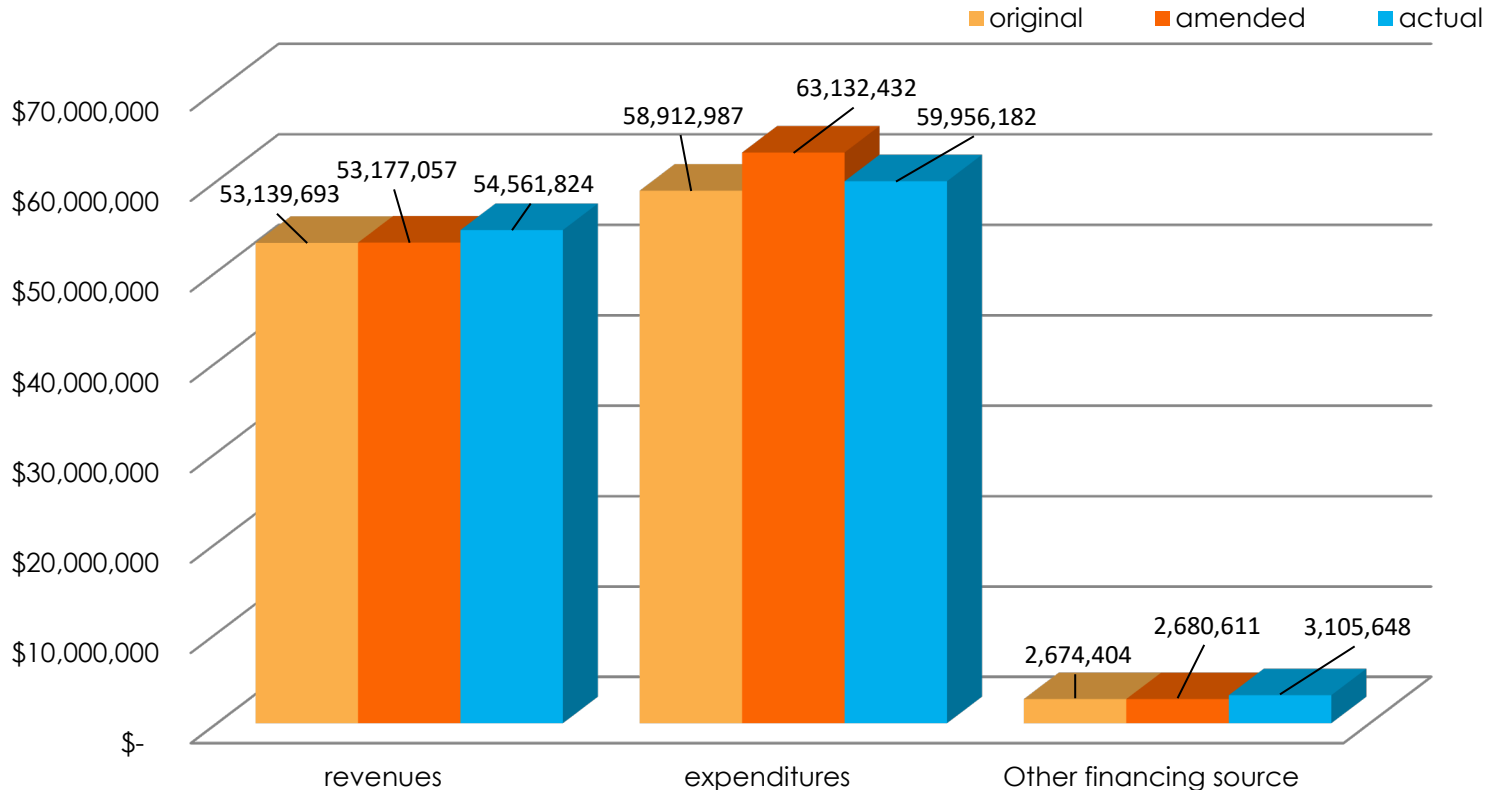
• General Fund	\$27,349,896
• Debt Service	880,606
• Capital Projects	41,118,180
• Other Funds	<u>9,632,156</u>
	<u>\$78,980,838</u>



- Governmental funds' fund balance decreased by \$16.1 million, primarily due to a \$13.3 million decrease in the Capital Projects Fund, the result of current year capital projects funded by bonds issued in the prior year.
- Unassigned fund balance in the General Fund (\$26.2 million) represents 43.8% of general fund expenditures.

General Fund Budget vs Actual

FY2024 General Fund Budget and Actual



Overall, positive budgetary variance of \$5.0 million:

- Actual Revenues exceeded budget by \$1.4 million.
- Actual Expenditures were \$3.2 million below budget.
- Other Financing Sources were \$0.4 million above budgeted amounts.

Water and Sewer Fund- Current and Prior Year



	2024	2023	\$ Change	% Change
Operating Revenues	\$ 31,381,498	\$ 29,592,808	\$ 1,788,690	6%
Operating Expenses	(24,736,636)	(22,831,555)	(1,905,081)	8%
Net Non-Operating Revenues	1,715,277	1,212,627	502,650	41%
Transfers and Contributions	(1,332,312)	402,886	(1,735,198)	-431%
Change in Net Position	<u>\$ 7,027,827</u>	<u>\$ 8,376,766</u>	<u>\$ (1,348,939)</u>	-16%

Net position increased by \$7.0 million over prior year

- Operating revenues increased \$1.7 million – primarily due to rate increases and increased consumption.
- Operating expenses increased by \$1.9 million – primarily due to increased water costs and wastewater treatment costs.
- Nonoperating revenue –increased \$0.5 million – primarily due to increased interest income.
- Transfers and Contributions decreased \$1.7 million primarily due to a \$1.3 million reduction in capital contributions of infrastructure and impact fees.

We appreciate the
opportunity to work with
City of Wylie and look forward
to our continued relationship.



Discussion



Contact Us

John DeBurro, CPA

Engagement Partner

972.448.6970 | john.deburro@weaver.com

Lauren Futch, CPA

Audit Manager

972.448.9867 | lauren.futch@weaver.com