

City of Wylie

City Council Meeting

January 23, 2024



Overview

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

At Weaver, there are no “one-size-fits-all” solutions. We combine leading technical knowledge with specific industry experience to provide highly customized services tailored to each client’s needs.

Services

Advisory Services

- ▶ Risk advisory services
- ▶ IT advisory services
- ▶ Transaction advisory services
- ▶ Forensic and litigation services

Assurance Services

- ▶ Audit, review and compilation
- ▶ Agreed-upon procedures
- ▶ Employee benefit plan audit
- ▶ SOC reporting
- ▶ Attestation services
- ▶ IFRS assessment and conversion

Tax Services

- ▶ Federal tax
- ▶ State and local tax
- ▶ International tax
- ▶ Private client services



35

Top 35 Firm
nationwide



Best of the Best Firms (2022)

John DeBurro, CPA

Partner,
Assurance Services

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

Lauren Futch, CPA

Manager,
Assurance Services

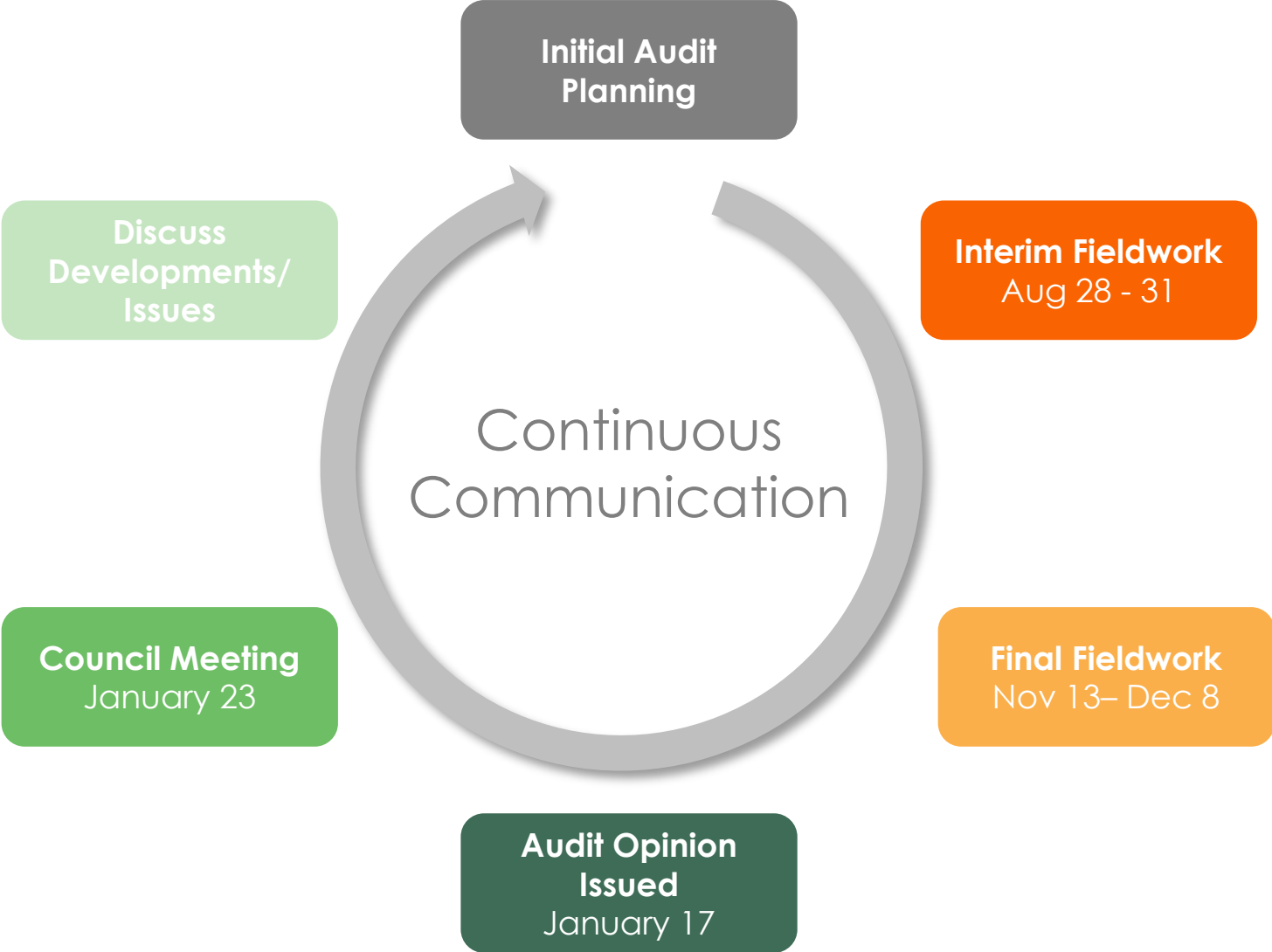
- ✓ 7+ years of public accounting and public sector experience
- ✓ Dedicated to serving public sector clients

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 2023. 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 2023 - Procedures included:

- **Testing** account balances and current year activity using a combination of:
 - analytics, vouching of material transactions, and sampling
- **Performed Single Audit** over the City's major Federal program:
 - **Coronavirus State and Local Fiscal Recovery Funds**
 - **Tested:**
 - **Allowable Cost / Cost Principles**
 - **Activities Allowed or Unallowed**
 - **Period of Performance**
 - **Reporting**
- **Assistance** 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 superimposed over the top portion of the image, containing the title text.

Audit Results

Weaver**Views**

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**
- We issued the Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
 - **Unmodified (clean) opinion**
 - **No material weaknesses**



Auditor Communications

for the year ended September 30, 2023



WeaverViews

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 2023 financial statements is complete and **we have issued an unmodified 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

Auditor's Responsibility under The Uniform Guidance

Results

Our testing includes all major federal financial assistance programs. We report on such testing and disclose any significant deficiencies in internal control over compliance, including material weaknesses we identify. Our reports do not provide assurance on internal control over compliance. We perform procedures for the purpose of expressing opinions on whether major federal financial assistance programs have been administered in compliance with applicable laws and regulations.

The audits of the fiscal year 2023 major federal financial assistance programs have been completed and we have issued an **unmodified (clean) opinion.**

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 2023 included GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB 96 had no effect on the City's FY2023 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 due to the timing of an accrual for trash disposal charges.</p> <p>We made no material audit adjustments as a result of our audit procedures.</p>

A low-angle, black and white photograph of several classical stone columns. The columns are fluted and have a textured surface. They are set against a bright, clear sky. The perspective is from below, looking up at the columns, which creates a sense of height and grandeur. The columns are arranged in a row, receding into the distance.

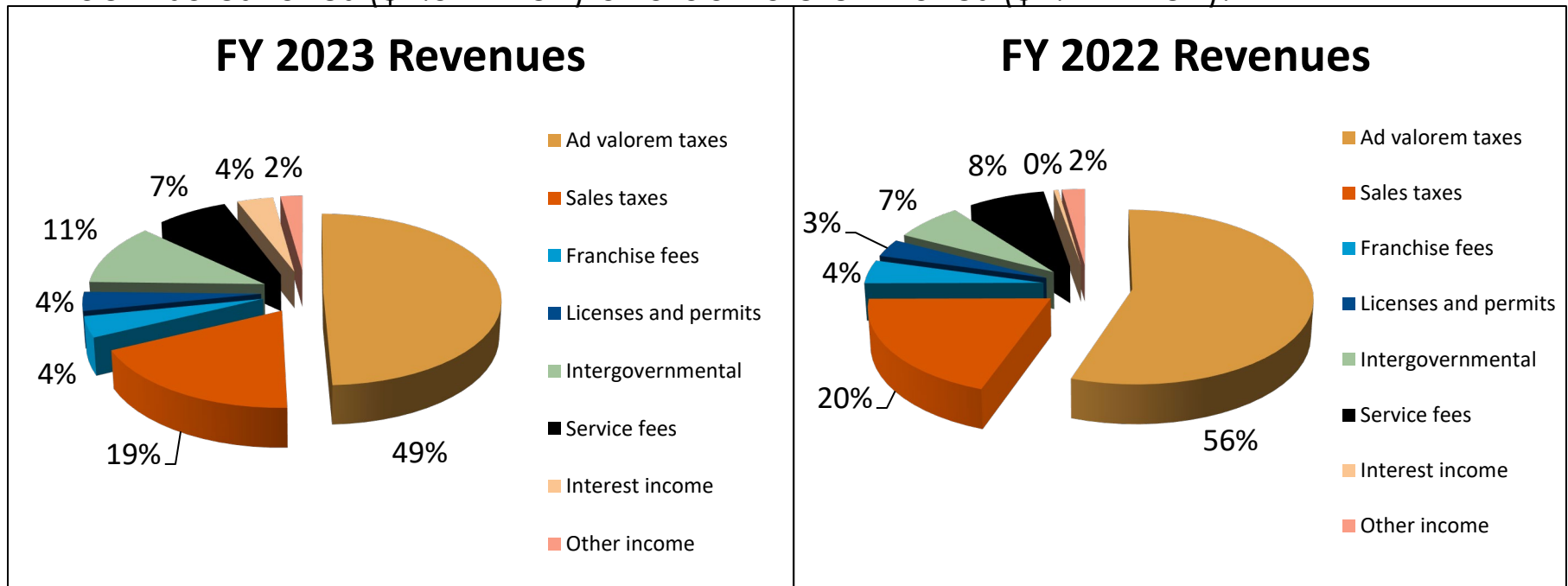
Financial Highlights

Weaver**Views**

Financial Highlights

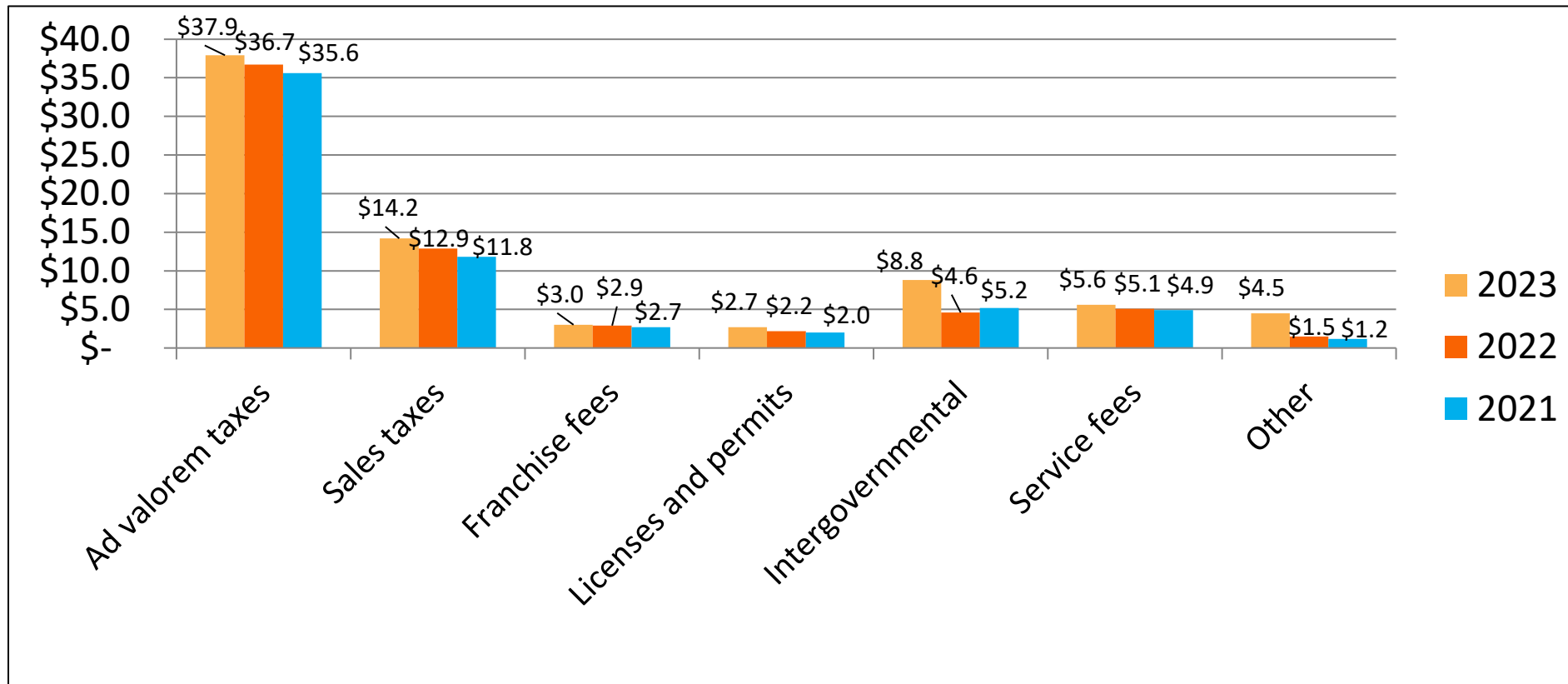
Comparison of Revenues by Source

Governmental Funds Revenues for the FY 2023 totaled \$76.7 million, a \$10.8 million or 16.4% increase. This increase is attributed primarily to a \$4.2 million increase in intergovernmental revenues, a \$2.5 million increase in interest income and increases in both sales taxes (\$1.3 million) and ad valorem taxes (\$1.2 million).



Financial Highlights

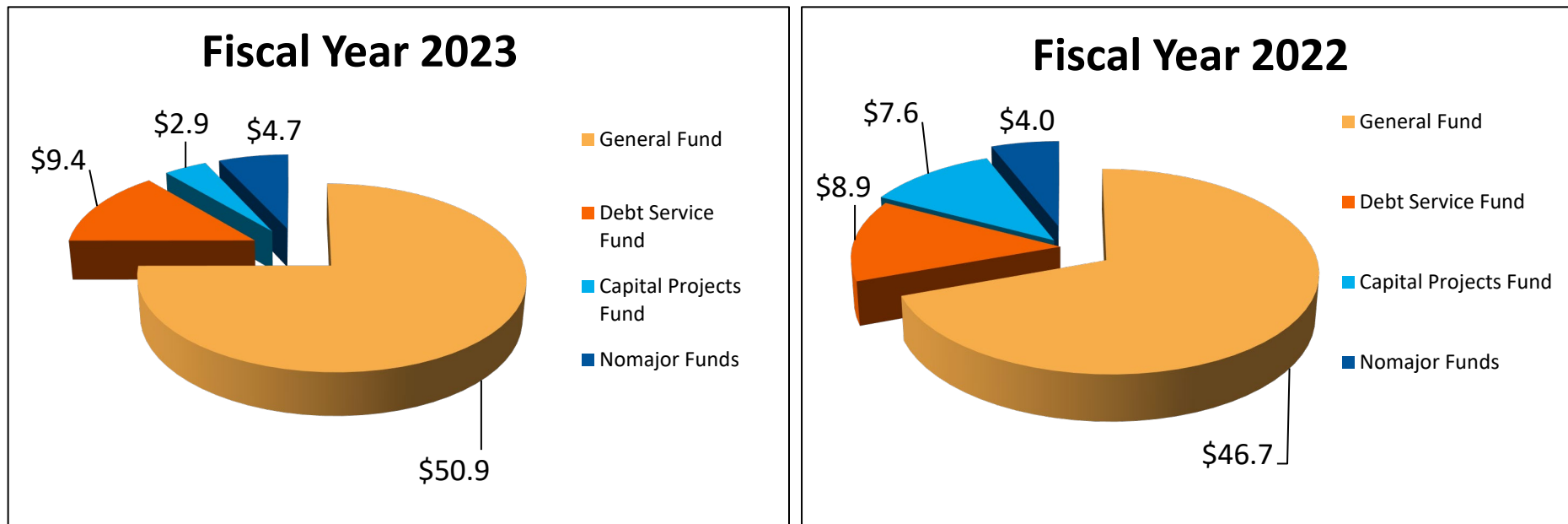
Comparison of Governmental Funds Revenues by Source



(3-year comparison in millions of dollars)

Financial Highlights

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

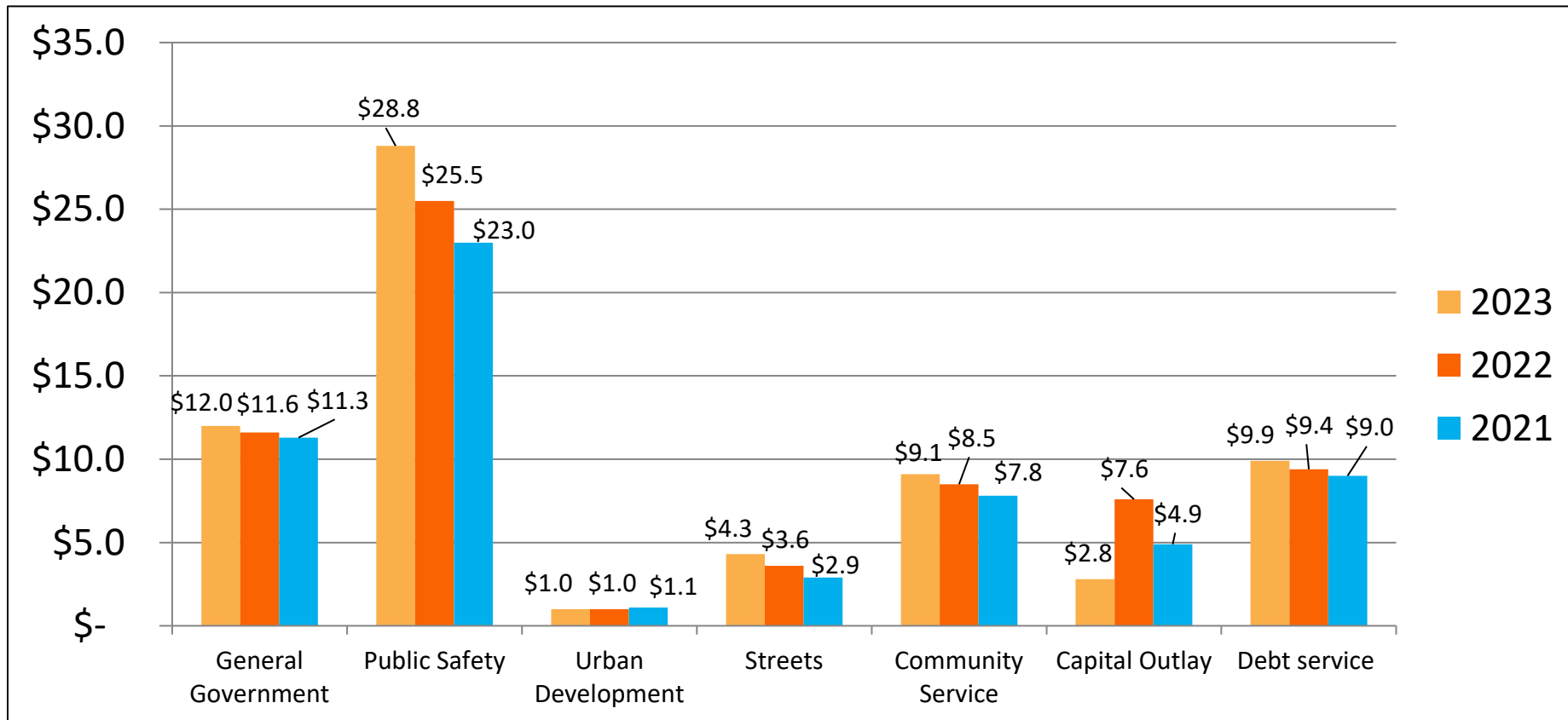


Governmental Funds Expenditures for FY2023 totaled \$67.9 million, a \$0.7 million or 1.0% increase.

- Capital outlay expenditures decreased \$4.8 million.
- Public safety expenditures increased \$3.3 million.
- General government, Streets, debt service and community service costs each increased by less than \$1 million.

Financial Highlights

Comparison of Governmental Funds Expenditures *



*(3-year comparison in millions of dollars)

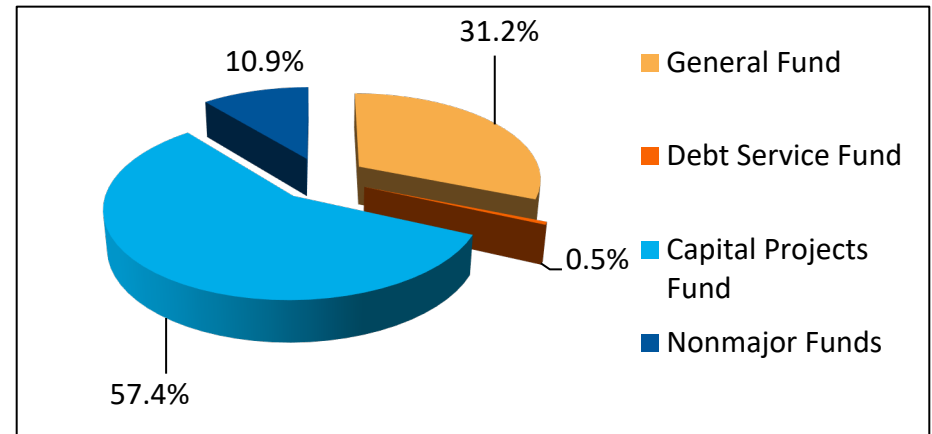
Financial Highlights

Fund Balances

Governmental Funds' Fund Balances

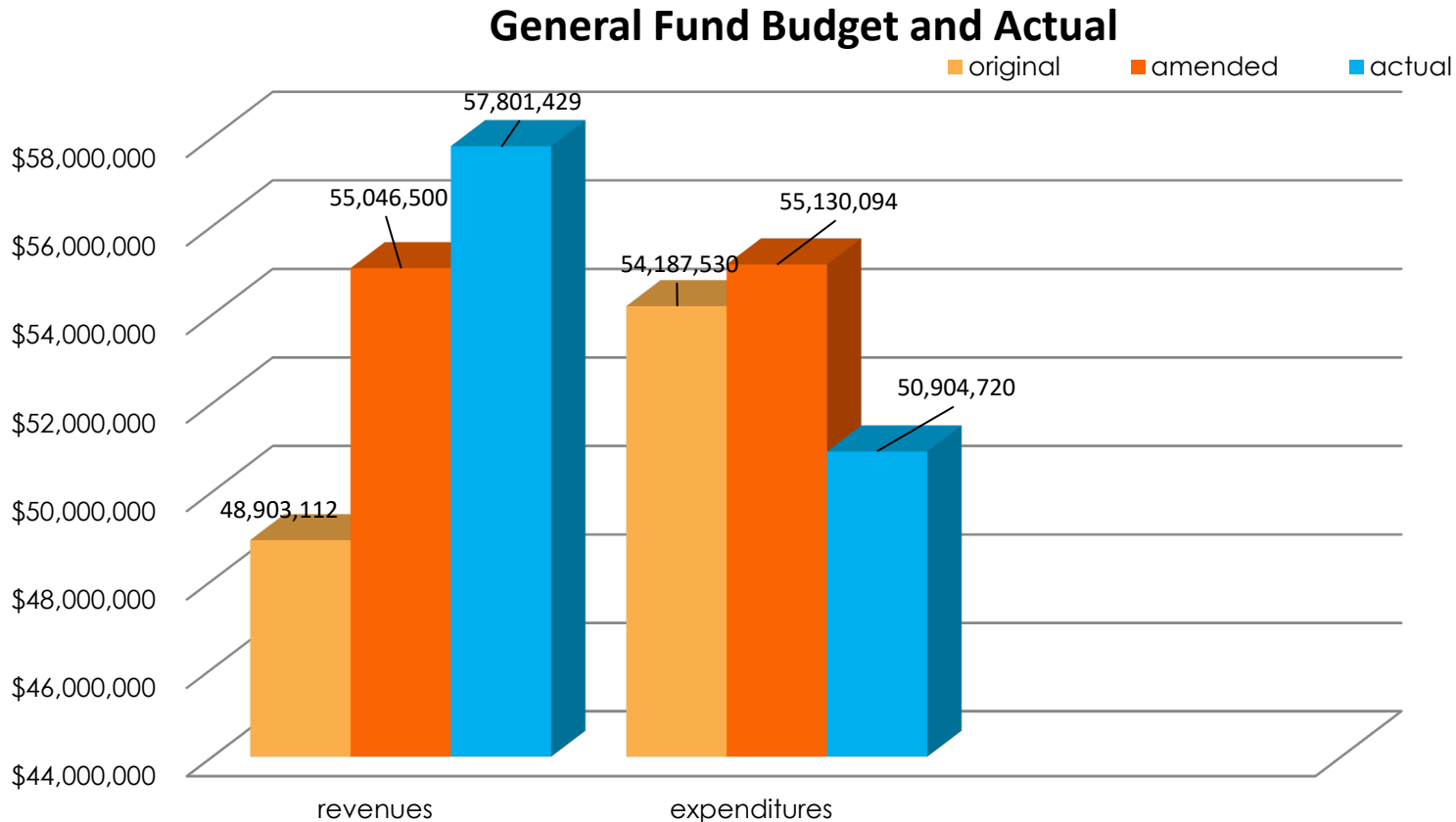
The City's governmental funds reported a combined ending fund balance of \$95.0 million as of September 30, 2023 as follows:

• General Fund	\$29,638,606
• Debt Service	532,087
• Capital Projects	54,467,945
• Other Funds	<u>10,399,682</u>
	<u>\$95,038,320</u>



- Governmental funds' fund balance increased by \$28.8 million, primarily due to a \$30.2 million increase in the Capital Projects Fund, the result of \$16.0 million general obligation bonds issued and a \$12.1 million transfer from the General Fund.
- Unassigned fund balance in the General Fund (\$28.6 million) represents 56.1% of general fund expenditures.

General Fund Budget vs Actual



Overall, positive budgetary variance of \$7.2 million:

- Actual Revenues exceeded budget by \$2.8 million.
- Actual Expenditures were \$4.2 million below budget.

Water and Sewer Fund- Current and Prior Year



Statement of Revenues, Expenses and Changes in Net Position- Water and Sewer Fund

	2023	2022	\$ Change	% Change
Operating revenues	\$ 29,592,808	\$ 27,371,622	\$ 2,221,186	8%
Operating expenses	(22,831,555)	(20,526,535)	2,305,020	11%
(Net) Nonoperating revenue (expense)	1,212,627	(91,910)	1,304,537	-1419%
Transfers and contributions	402,886	700,997	(298,111)	-43%
Change in net position	<u>\$ 8,376,766</u>	<u>\$ 7,454,174</u>	<u>922,592</u>	<u>12%</u>

Net position increased by \$8.4 million over prior year

- Operating revenues increased \$2.2 million – primarily due to rate increases and increased water consumption.
- Operating expenses increased by \$2.3 million – primarily due to a \$830K increase in water costs and a \$1.4 million increase wastewater treatment costs.
- Nonoperating revenue –increased \$1.3 million – primarily due to a \$1.2 million increase in interest income.

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



Discussion



Contact Us

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