

# City of Wylie

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City Council Meeting

January 25, 2022



# 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**

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nationwide



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Best of the Best Firms (2020)

# Engagement Leadership



## John DeBurro, CPA

Partner,  
Assurance Services

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

## Flo Soto, CPA

Manager,  
Assurance Services

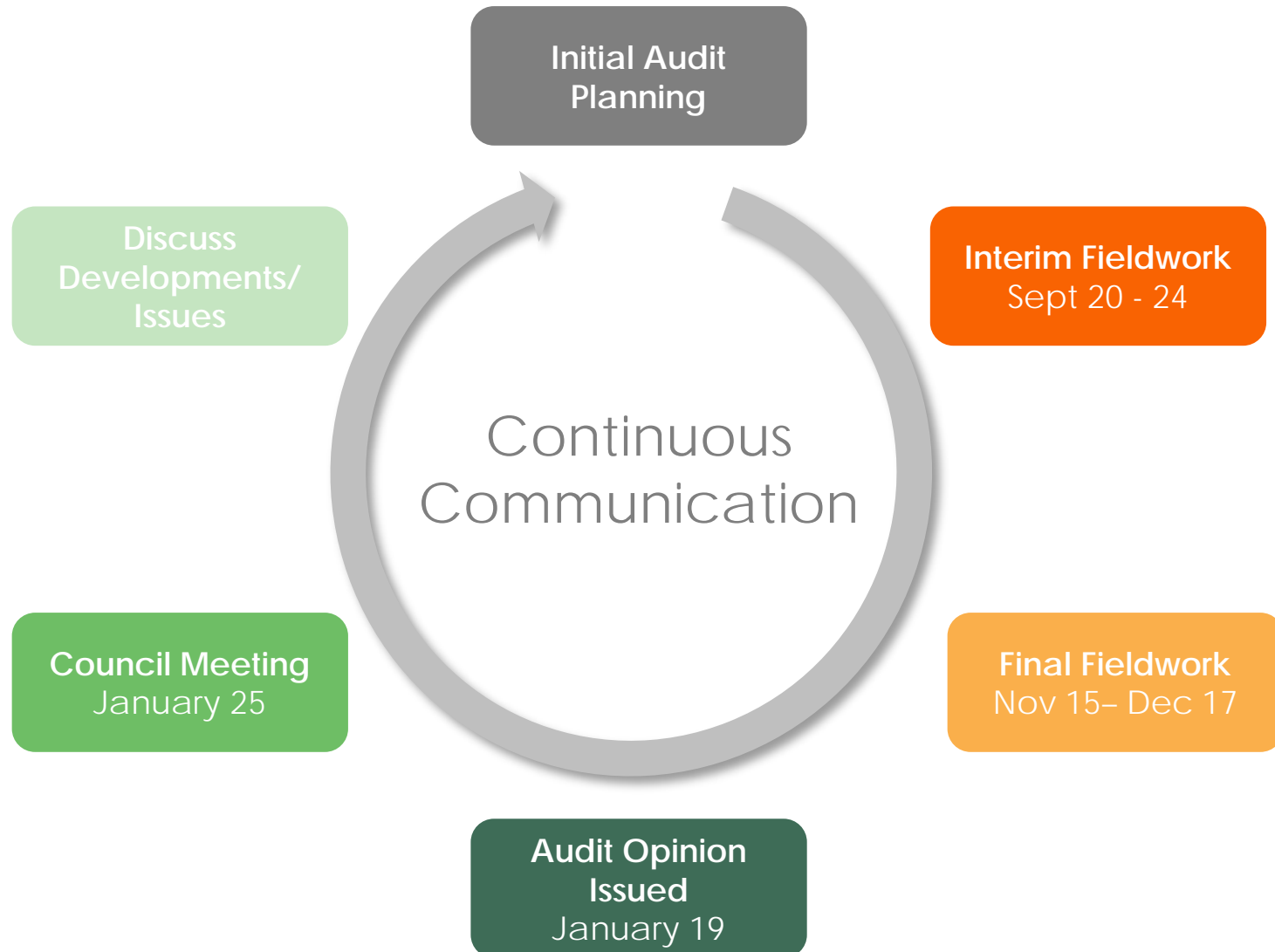
- ✓ 5 years of public accounting experience
- ✓ Dedicated to serving public sector clients

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 Single Audit Act and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (**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
  - Continued effects of COVID -19



Interim fieldwork and risk assessment were performed in September 2021. Procedures included:

- **Walkthroughs** of accounting controls over significant transaction cycles:
  - A. Cash Disbursements and Purchases
  - B. Payroll Disbursements (including TMRS data)
  - C. Municipal Court Receipts
  - D. Utility Billing Receipts
  - E. Other receipts including Parks and Recreation
  - F. 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 2021 - Procedures included:

- **Identification** of major federal financial assistance program and testing of compliance and controls over compliance
- **Major program:**
  - *Coronavirus Relief Fund (CFDA# 21.019)*
- **Testing** account balances and current year activity using a combination of:
  - analytics, vouching of material transactions, and sampling
- **Evaluating** estimates for reasonableness
- **Assistance** with preparation of the annual comprehensive financial report (ACFR)
- **Preparation** of Schedule of Expenditures of Federal Awards

The background of the slide features a close-up, sepia-toned photograph of a pencil tip resting on a piece of paper. A solid green diagonal band runs from the top-left towards the bottom-right, partially obscuring the pencil and paper. The text 'Audit Results' is centered within this green band.

# Audit Results

Weaver**Views**

# Auditor Results

- We issued the Independent Auditor's Report on the financial statements
  - **Unmodified 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 Program and Report on Internal Control Over Compliance in Accordance with Uniform Guidance
  - **Unmodified Opinion**
  - **No findings noted**



# Auditor Communications

for the year ended September 30, 2021



Weaver**Views**

# Required Communications to Those in Charge of Governance

Communication	Results
Generally accepted auditing standards	<p>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.</p> <p>The audit of the fiscal year 2021 financial statements is complete and <b>we have issued an unmodified opinion.</b></p>

# Required Communications to Those in Charge of Governance

Communication	Results
Generally accepted government auditing standards	<p>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.</p> <p><b>No findings noted.</b></p>

# Required Communications to Those in Charge of Governance

Communication	Results
<p>Auditor's Responsibility under The Uniform Guidance</p>	<p>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 report does not provide assurance on internal control over compliance. We perform procedures for the purpose of expressing an opinion on whether major federal financial assistance programs have been administered in compliance with applicable laws and regulations.</p> <p>The audit of the fiscal year 2021 major federal financial assistance programs has been completed and <b>we have issued an unmodified opinion.</b></p>

# Required Communications to Those in Charge of Governance

Communication	Results
Unusual transactions and the adoption of new accounting principles	<p>The significant accounting policies used by the City are described in Note 1 to the financial statements.</p> <p>No new GASB pronouncements were required to be implemented in 2021 that had a significant effect on the City's financial reporting.</p> <p>We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.</p>



# 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 were no passed adjustments noted during the audit.</p> <p>We made no material audit adjustments as a result of our audit procedures.</p>

A black and white photograph of classical columns, likely from a government building, viewed from a low angle looking up. The columns are made of stone and have fluted surfaces. The image is split horizontally by a green band containing the title.

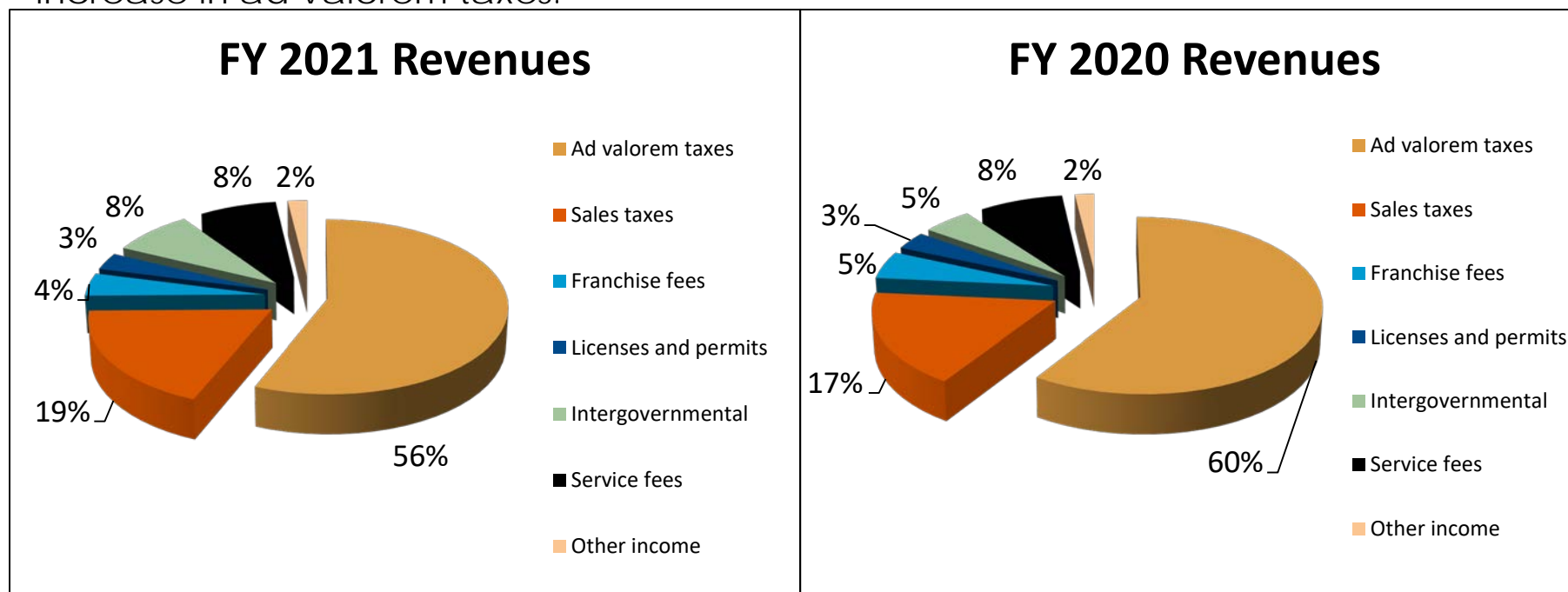
# Financial Highlights

Weaver**Views**

# Financial Highlights

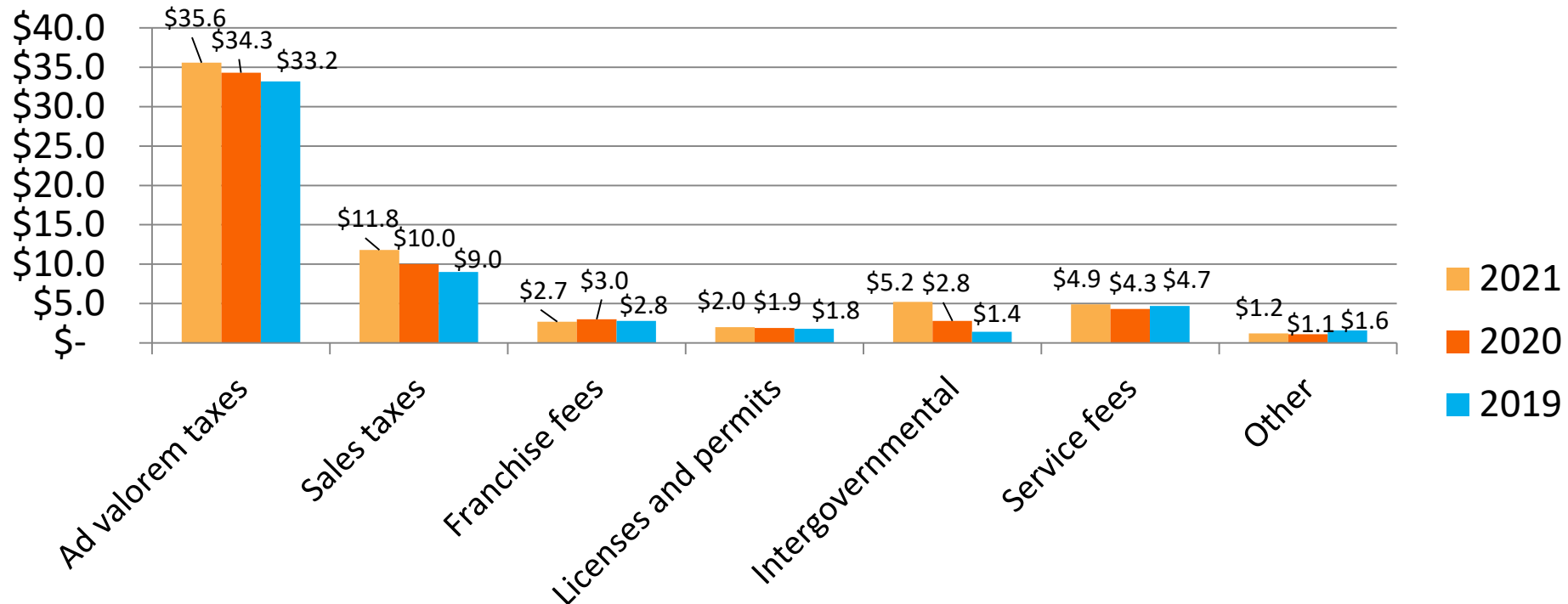
## Comparison of Revenues by Source

Governmental Funds Revenues for the FY 2021 totaled \$63.4 million, a \$6.0 million or 10.5% increase. This increase is attributed primarily to a \$2.4 million increase in intergovernmental revenue, a \$1.8 million increase in sales taxes and a \$1.3 million increase in ad valorem taxes.



# Financial Highlights

## Comparison of Governmental Funds Revenues by Source

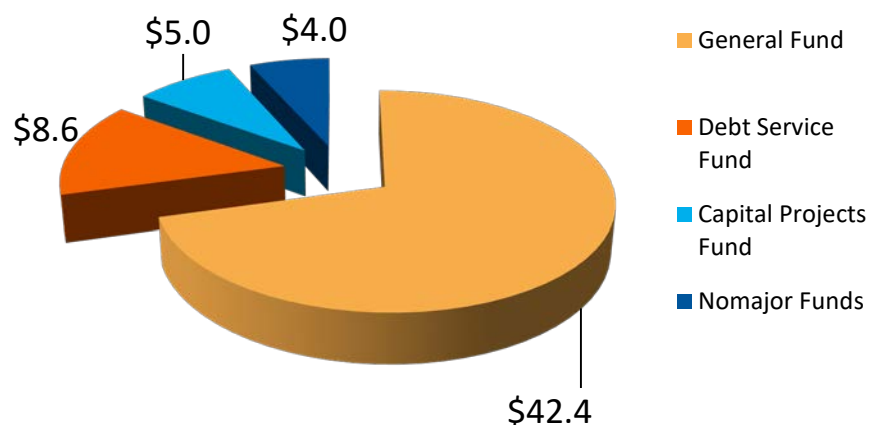


(3-year comparison in millions of dollars)

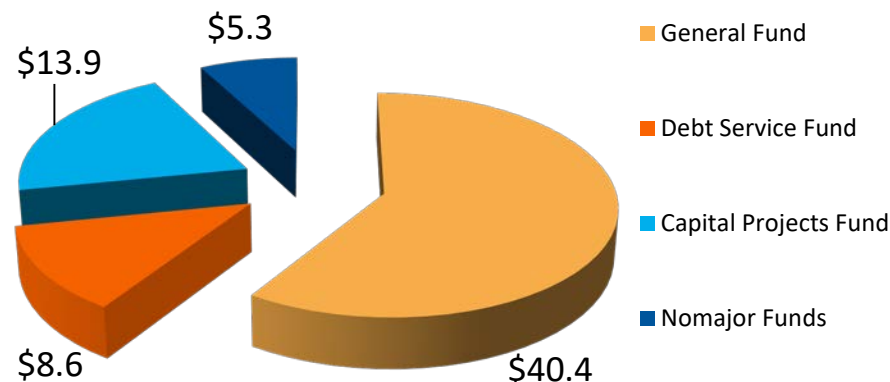
# Financial Highlights

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

**Fiscal Year 2021**



**Fiscal Year 2020**

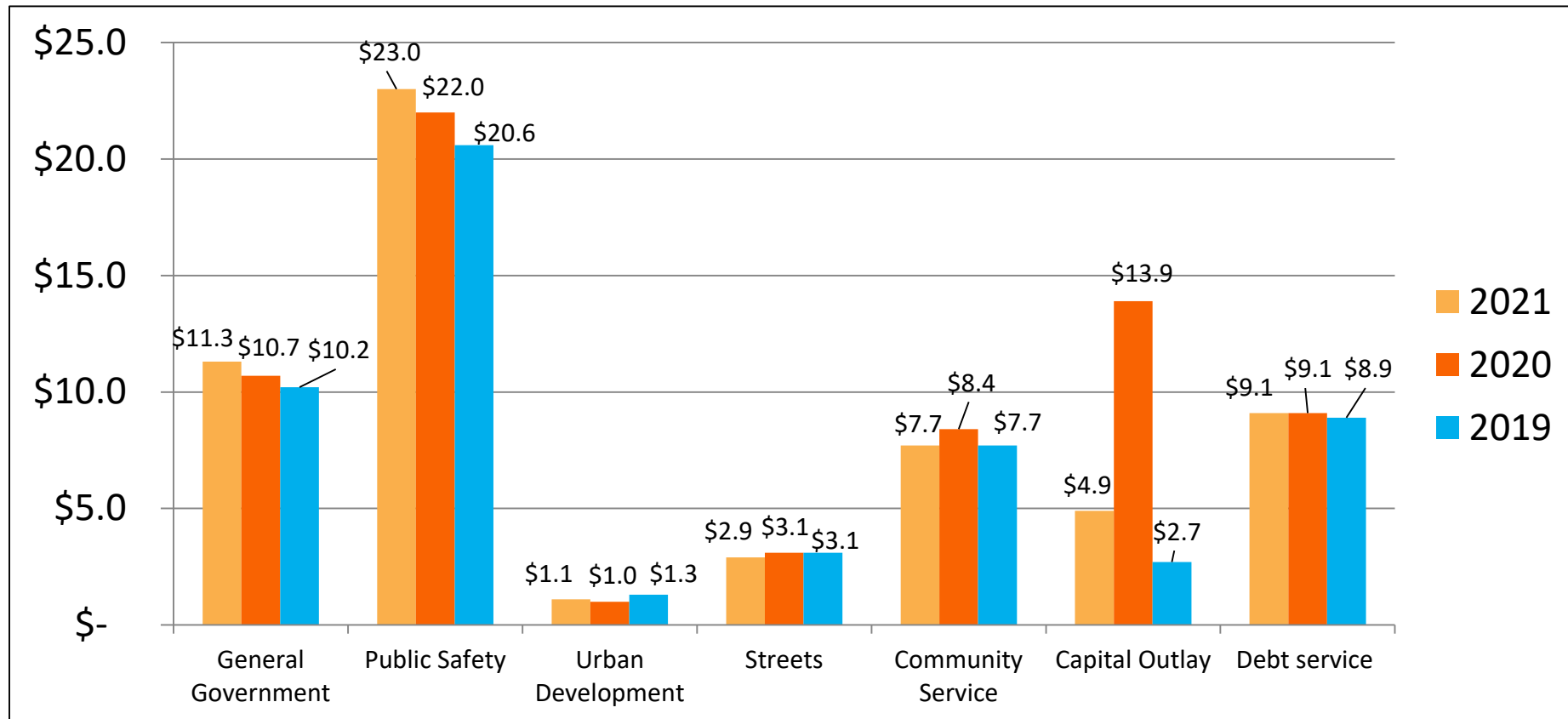


**Governmental Funds Expenditures for FY2021 totaled \$60.0 million, an \$8.2 million or 12.0% decrease.**

- Capital outlay expenditures decreased \$9.0 million.
- General government expenditures increased \$0.6 million.
- Community service costs decreased by \$0.7 million

# Financial Highlights

## Comparison of Governmental Funds Expenditures \*



\*(3-year comparison in millions of dollars)

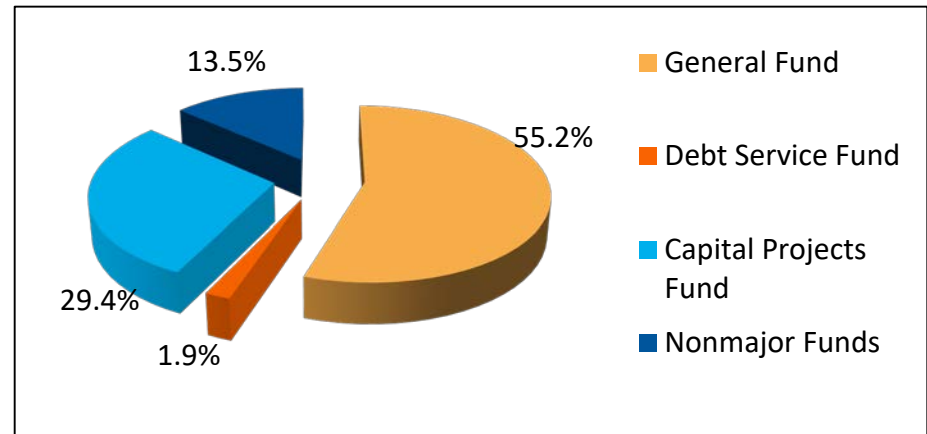
# Financial Highlights

## Fund Balances

### Governmental Funds' Fund Balances

The City's governmental funds reported a combined ending fund balance of \$56.5 million at September 30, 2021 as follows:

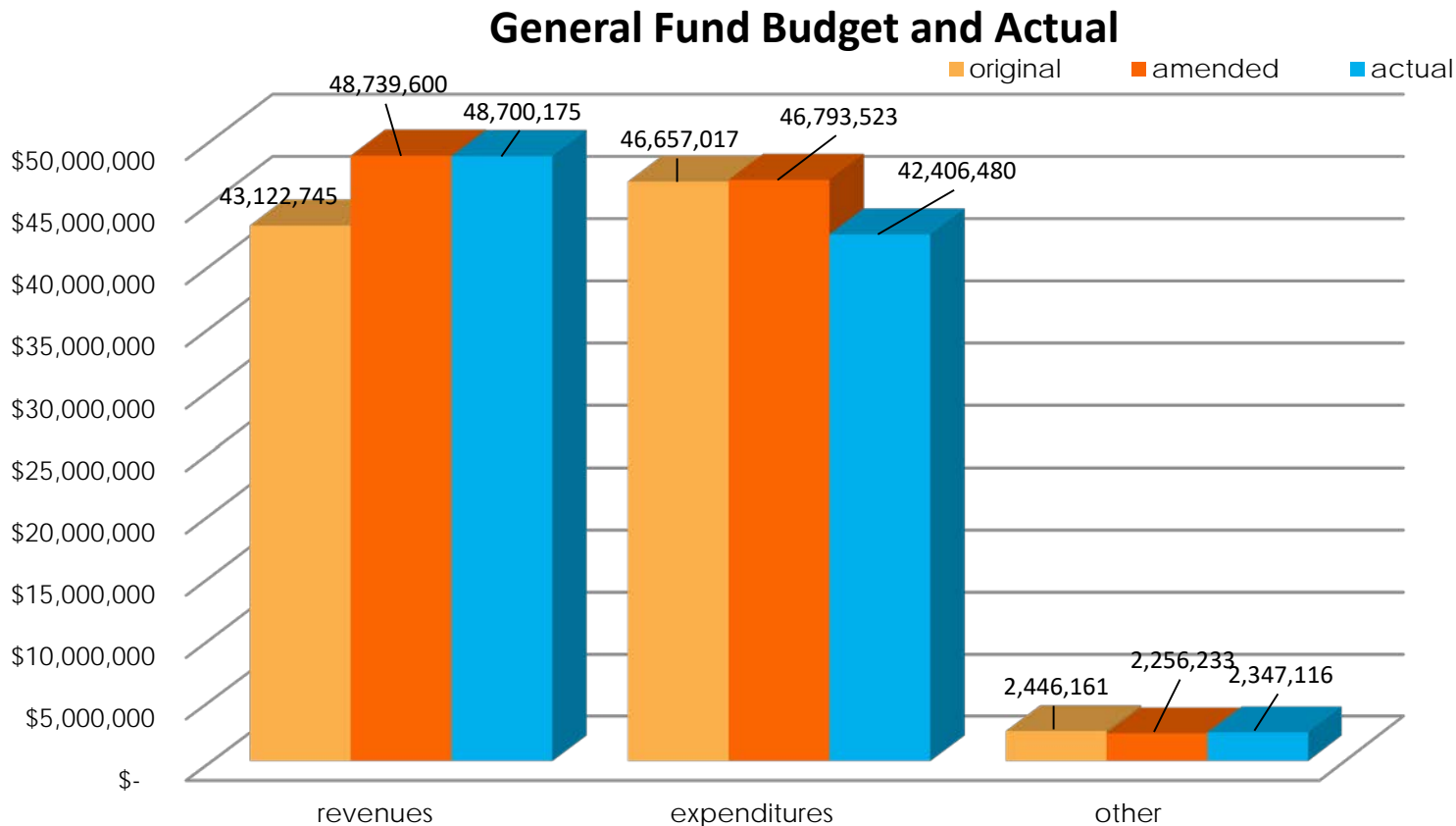
• General Fund	\$31,238,765
• Debt Service	1,122,215
• Capital Projects	16,595,986
• Other Funds	<u>7,612,838</u>
	<u>\$56,569,804</u>



- Governmental funds' fund balance increased by \$11.6 million, primarily due to a \$8.6 million increase in the General Fund, the result of increased intergovernmental revenue, sales and ad valorem taxes.
- Unassigned fund balance in the General Fund (\$30.4 million) represents 71.7% of general fund expenditures.



# General Fund Budget vs Actual



Overall, favorable budgetary variance of \$4.4 million:

- Revenues were under budget budget by \$39K.
- Expenditures were \$4.4 million below budget.
- Other Financing Sources (net) exceeded budget by \$91K

# Water and Sewer Fund- Current and Prior Year

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

	2021	2020	\$ Change	% Change
Operating revenues	\$ 24,400,005	\$ 23,047,261	\$ 1,352,744	6%
Operating expenses	(18,697,568)	(18,317,087)	380,481	2%
(Net) Nonoperating revenue (expense)	(144,014)	(69,182)	(74,832)	108%
Transfers and contributions	901,474	3,184,933	(2,283,459)	-72%
Change in net position	<u>\$ 6,459,897</u>	<u>\$ 7,845,925</u>	<u>(1,386,028)</u>	<u>-18%</u>

Net position increased by \$6.5 million over prior year

- Operating revenues increased \$1.3 million –primarily due to rate increases and increased consumption.
- Operating expenses were flat increasing by only \$380K– primarily due to a \$560K increase waste water treatment costs.
- Transfers and contributions – a net decrease of \$2.3 million – primarily due to a \$2.4 million decrease in capital contributions of infrastructure.

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



# Discussion



## Contact Us

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