

# City of Waco FY2023 Audit



**Report to the City Council  
February 20, 2024**

# Agenda

- **Financial Audit Overview**
- **Results of the Audit**
- **Financial Observations**
- **Internal Control and Compliance**
- **Required Communications**

# Financial Audit Overview

- Management's responsibility:
  - To prepare financial statements and select accounting policies and procedures
- Auditor's responsibility:
  - Conduct the audit in accordance with generally accepted auditing standards and *Government Auditing Standards*
  - Obtain reasonable assurance the financial statements are free of material misstatements
    - Examine evidence supporting amounts and disclosures in the financial statements
    - Assess accounting principles used and estimates made by management
    - Evaluate the overall financial statement presentation

# Financial Audit Overview

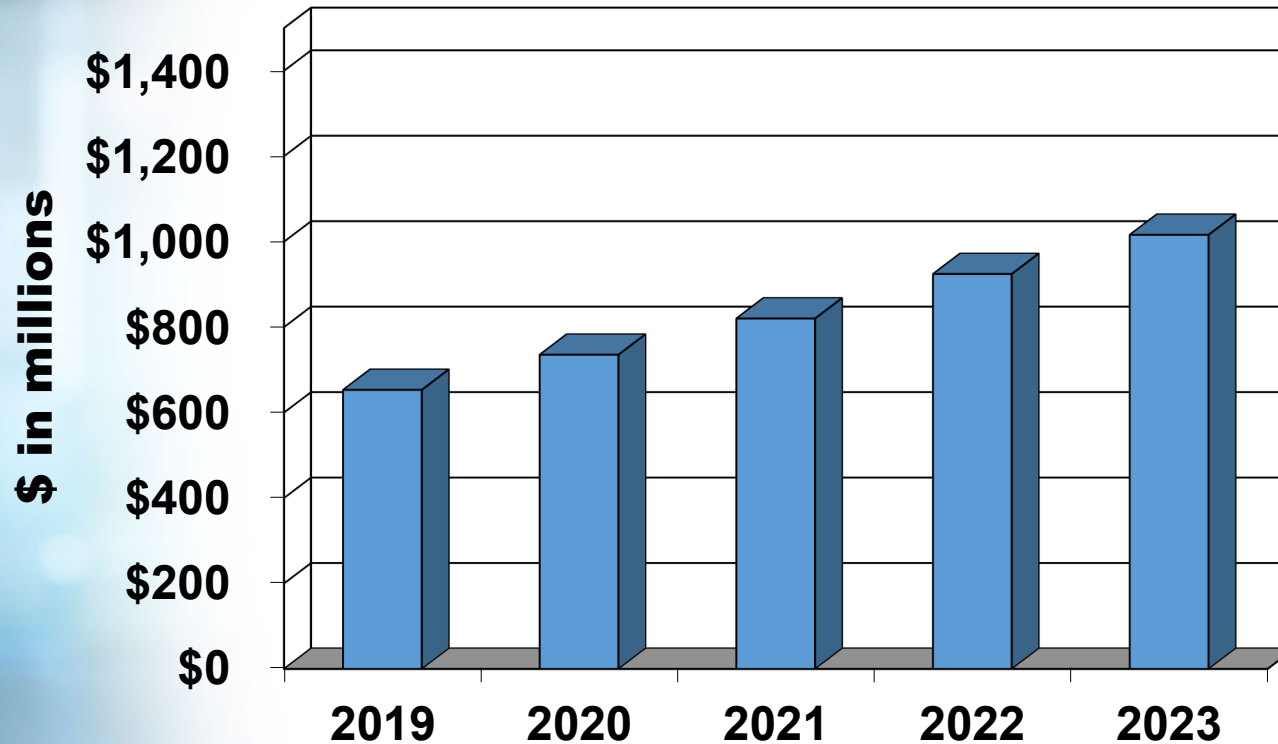
- Significant Accounting Estimates
  - Liability for claims and judgments
  - Liability for landfill closure and post closure care costs
  - Liability for self-funded health insurance
  - Net pension and OPEB liability and related deferred outflows and inflows
  - Valuation allowance for accounts receivable
  - Carrying amount of capital assets

# Results of the Audit

- Unmodified Opinions
- *In our opinion, the financial statements present fairly, in all material respects, the financial position as of September 30, 2023, and the changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.*

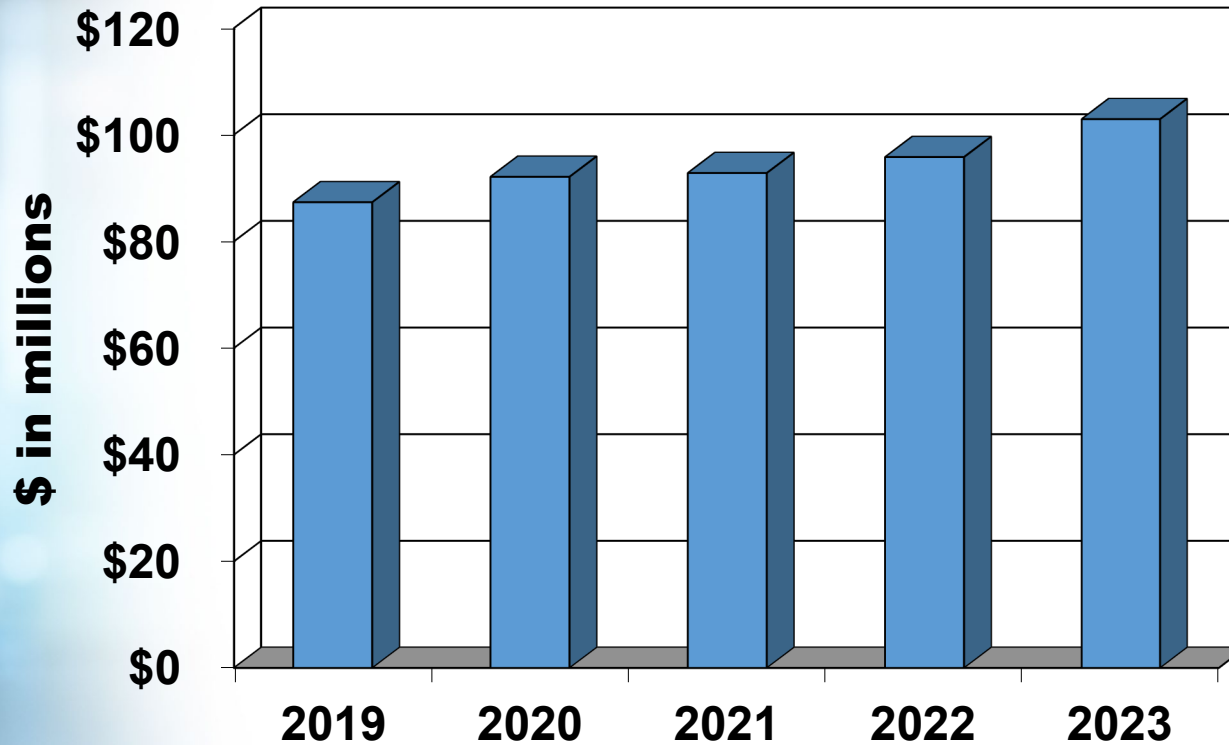
# Financial Observations

## Government-Wide Net Position



# Financial Observations

## General Fund Balance



# Financial Observations

## General Fund – Changes in Fund Balance

	2023	2022
Revenues	\$ 185,052,600	\$ 167,312,102
Expenditures	(157,461,222)	(148,929,206)
Other financing sources (uses)	(20,483,351)	(15,389,452)
Net change in fund balance	\$ 7,108,027	\$ 2,993,444

# Financial Observations

## General Fund – Compliance with Budget

	Budget	Actual	Variance
Revenues	\$ 169,528,478	\$ 185,052,600	\$ 15,524,122
Expenditures	(168,988,044)	(157,461,222)	11,526,822
Excess (deficiency) of revenues over expenditures	540,434	27,591,378	27,050,944
Net transfers in (out)	(22,143,244)	(21,441,392)	701,852
Net Change in fund balance	\$ (21,602,810)	\$ 7,108,027	\$ 28,710,837

# Financial Observations

## Enterprise Funds Operations

	2023	2022
Operating revenue	\$ 163,557,957	\$ 149,234,898
Operating expenses	(152,182,240)	(125,094,343)
Operating income	11,375,717	24,140,555
Nonoperating revenues (expenses)	10,257,817	(225,745)
Capital contributions	25,367,534	31,347,454
Net transfers in (out)	11,442,655	(1,872,939)
Change in net position	\$ 58,443,723	\$ 53,389,325

# Internal Controls and Compliance

- Internal Control Over Financial Reporting
  - Considered internal controls to design audit procedures, but not to express opinion on the effectiveness of controls
    - No material weaknesses noted
- Performed procedures on compliance with Public Funds Investment Act and state competitive bidding requirements
  - No material instances of noncompliance noted

# Internal Controls and Compliance

- Compliance and Internal Control Over Compliance with Uniform Guidance and *Texas Grant Management Standards*
  - Opinion on Compliance
    - The City complied, in all material respects, with...direct and material compliance requirements for its major federal and state programs.
- Internal Control over Compliance
  - No material weaknesses identified

# Required Communications

- Letter to City Council
- Management Representation Letter



# Questions?