

FY24 Annual Comprehensive Financial Report

18 February 2025



Blu Kostelich – Assistant City Manager & Chief Financial Officer
Jennifer Ripka – Partner, Audit, Weaver

City of Waco, Texas

Communication with City Council

For the Year Ended September 30, 2024

Today's Presenters

Jennifer Ripka, CPA

Partner, Assurance Services and Government Services Industry Leader

- ▶ Your relationship partner
- ▶ 18 years of experience
- ▶ Practice emphasis in auditing and consulting for governmental entities across the state of Texas

Claire Wootton, CPA

Director, Assurance Services

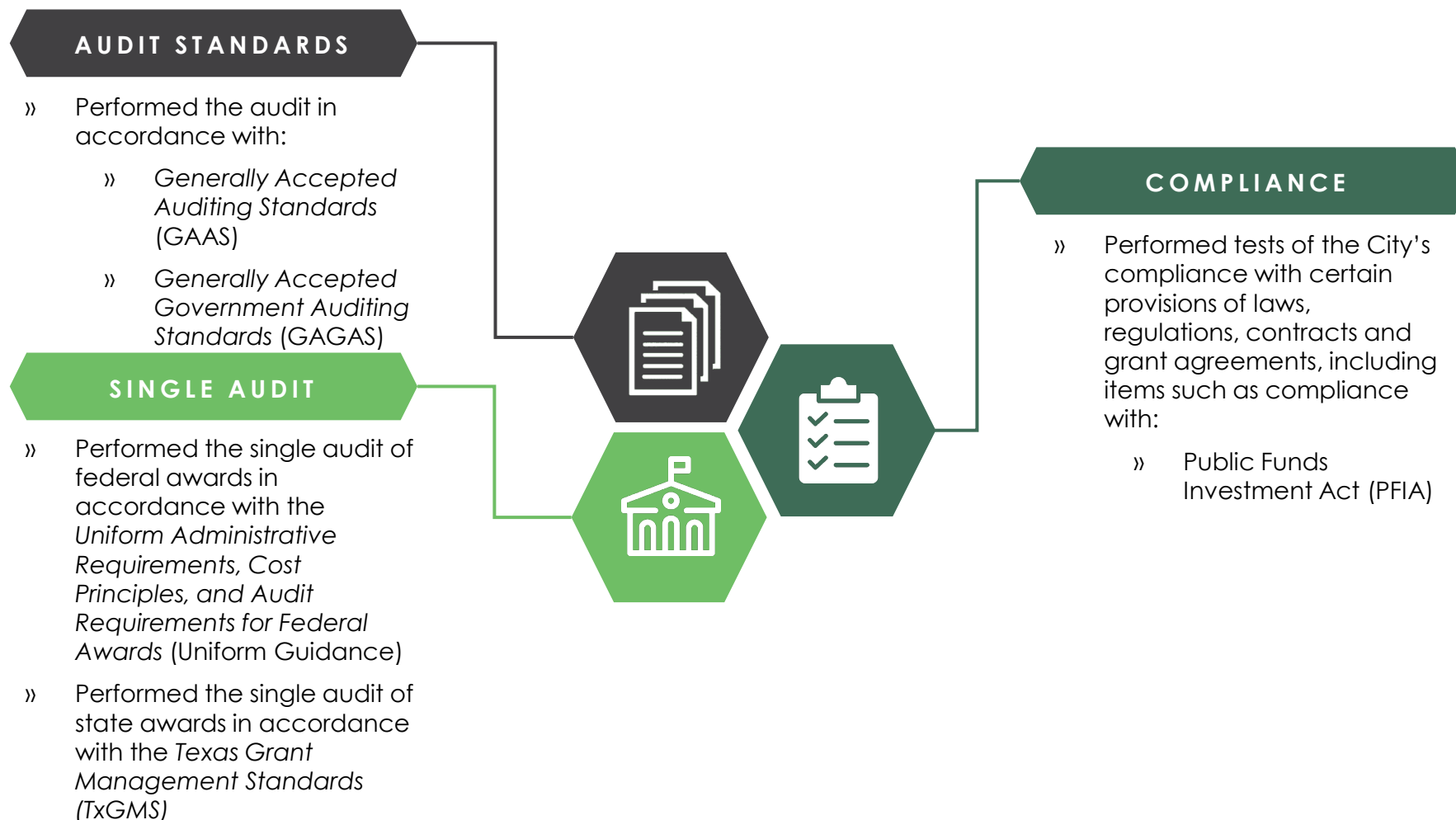
- ▶ Your Director
- ▶ 14 years of experience
- ▶ Practice emphasis in auditing and consulting for governmental entities across the state of Texas

Kaylee Vachon, CPA

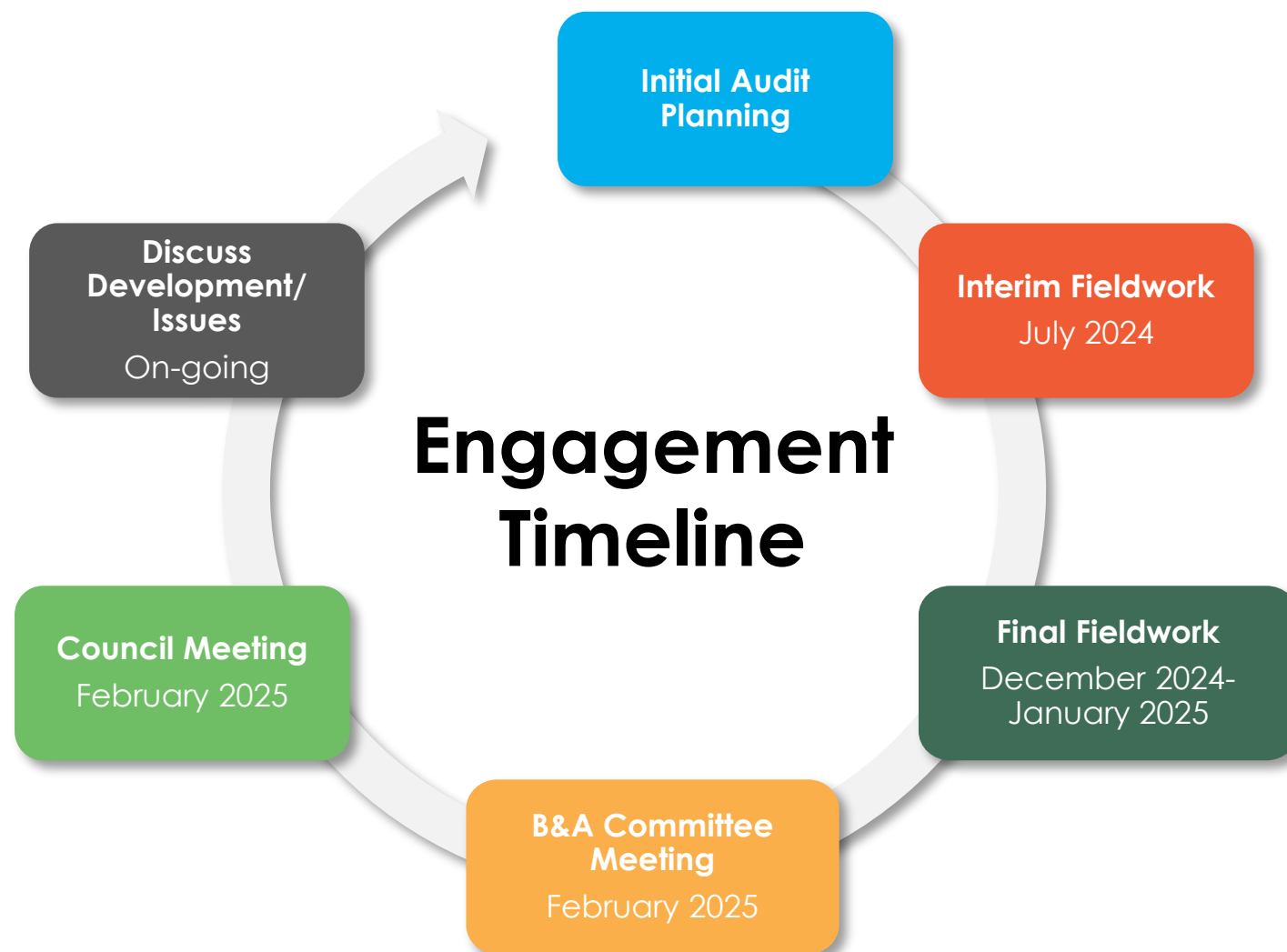
Manager, Assurance Services

- ▶ Your Incharge
- ▶ 5 years of experience
- ▶ Practice emphasis in auditing and consulting for governmental entities across the state of Texas

Audit Process



Audit Timeline



Overview

SIGNIFICANT CHANGES TO OUR PLANNED AUDIT STRATEGY

- » There were no changes to our planned audit approach from those communicated to the City.
- » There were no changes to our significant risks identified.
 - » Significant Risks include:
 - » Improper revenue recognition

RESULTS OF WORK PERFORMED

- » During the course of our audit, we identified no uncorrected misstatements. There were no misstatements identified by us and corrected by management.
- » There are no identified significant deficiencies or material weaknesses.
- » There are no independence matters to report.

OUR AUDIT REPORTS

- » We will issue our unmodified audit report on the financial statements.
- » We will issue our unmodified audit report on compliance for each major federal program and on Internal Control Over Compliance in Accordance with Uniform Guidance and TxGMS.

OTHER MATTERS



- » As of the date of these communications, there are no items outstanding requiring the governing body's attention.

Significant Risks

The following significant risks were identified during the performance of our risk assessment procedures:

SIGNIFICANT RISK IDENTIFIED	RELATED ASSERTIONS	RESULTS OF WORK PERFORMED
Management Override of Controls <i>(Note: This is a presumed risk on all audit engagements.)</i>	Pervasive	Journal entry testing, incorporating elements of unpredictability into testing, and the review of significant estimates for bias. No audit findings noted.
Risk of Fraud in Revenue Recognition – <ul style="list-style-type: none">• Charges for Services [Water and Sewer]• Grants [Federal and State]	Accuracy, Cutoff, Existence/ Occurrence	Detailed transaction testing of items that are individually immaterial. No audit findings noted.

Required Communications

 REQUIRED COMMUNICATIONS	 COMMENTS
<p><i>Significant Accounting Policies</i></p>	<p>A summary of the significant accounting policies adopted by City is included in Note I to the financial statements.</p> <p>There have been no changes in significant accounting policies but the City did implement GASB Statement 100 which had no financial statement impact on the City.</p> <p>No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>
<p><i>Significant Accounting Estimates</i></p>	<p>The most sensitive accounting estimates affecting the financial statements are:</p> <ul style="list-style-type: none"> • <i>Incurred But Not reported (IBNR) liabilities</i> • <i>Pension and OPEB liabilities and expenses, related deferred balances</i> <p>We evaluated the key factors and assumptions used to develop the accounting estimates and determined that each is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.</p>



Implementation of New Standards

GASB Statement 100

Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62

- Issued June 2022
- Effective and implemented during the fiscal year
- No impact on the City's financial statements
- The Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction).

Required Communications

 REQUIRED COMMUNICATIONS	 COMMENTS
<i>Significant Unusual Transactions</i>	No significant unusual transactions were identified during the course of the audit.
<i>Identified or Suspected Fraud</i>	No identified or suspected fraud noted.
<i>Significant Difficulties Encountered during the Audit</i>	We encountered no significant difficulties in dealing with management relating to the performance of the audit.
<i>Disagreements with Management</i>	No such disagreements arose during the course of the audit.
<i>Representations Requested from Management</i>	We will request certain written representations from management in the form of a letter addressed to Weaver and Tidwell, L.L.P.

Required Communications

 REQUIRED COMMUNICATIONS	 COMMENTS
<i>Management's Consultations with Other Accountants</i>	Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.
<i>Other Significant Matters, Findings, or Issues</i>	We encountered no other matters that require communication at this time.



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