

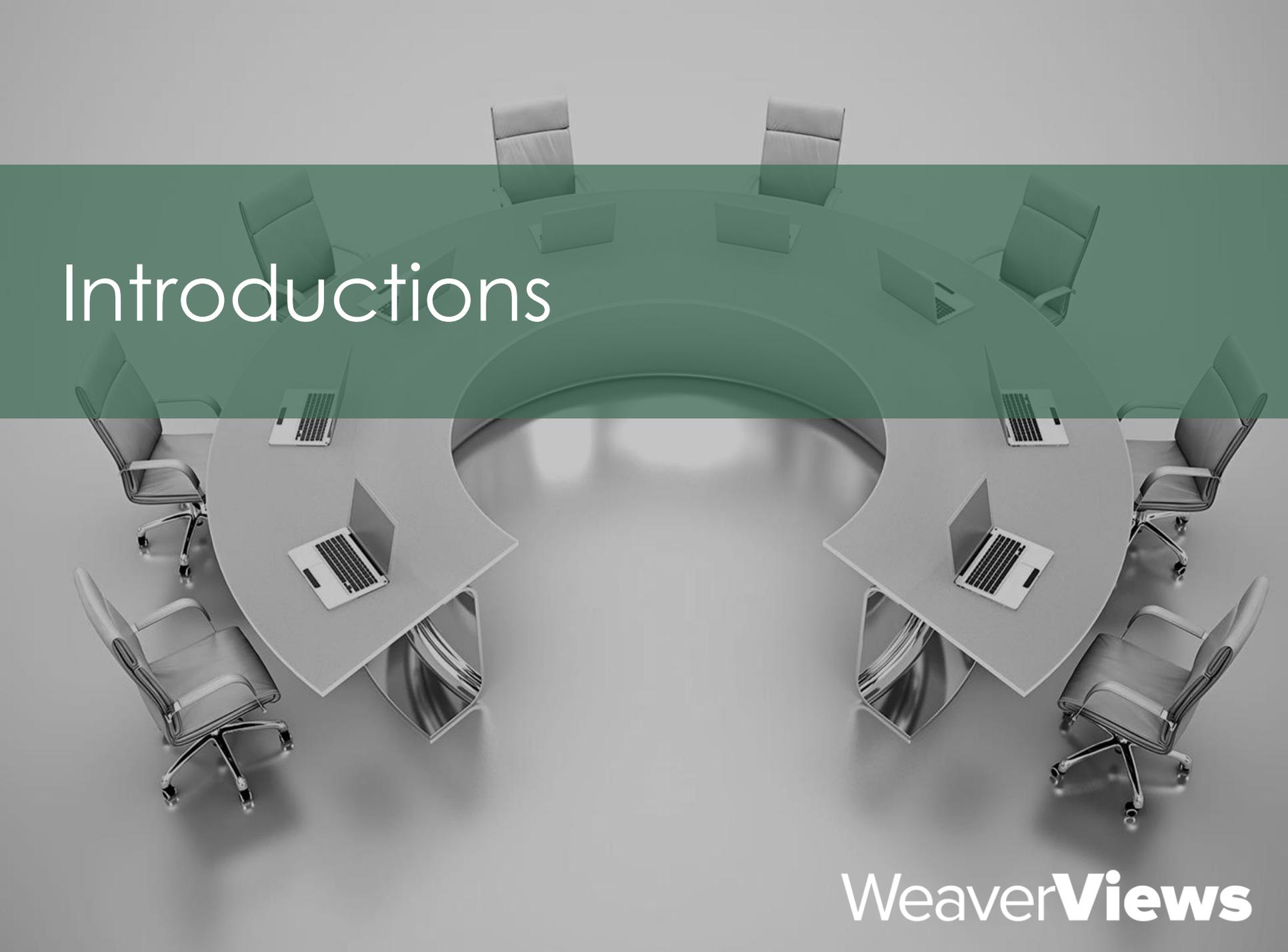
City of Wylie

Council Meeting
January 26, 2016



Overview

- Introduction
- Audit Process
- Required Communications
- Audit Results
- Areas of Strength and Accomplishment
- Financial Highlights
- New Accounting Pronouncements
- Questions



Introductions

Weaver**Views**

The Firm of Texas



Weaver is the largest independent accounting firm in Texas and the Southwest. We are consistently named a top firm in the state and nationally.

#4 Largest **Tarrant County** Accounting Firms | *Fort Worth Business Press*

#8 Largest **North Texas** Accounting Firms | *Dallas Business Journal*

#7 Largest **Austin** Accounting Firms | *Austin Business Journal*

#14 Largest **Houston-Area** Public Accounting Firms | *Houston Business Journal*

#5 Largest **San Antonio** Accounting Firms | *San Antonio Business Journal*

2014 **Top 50** Firms | *INSIDE Public Accounting*

2014 **BEST of the BEST** Firm | *INSIDE Public Accounting*



7 Texas
Offices

500+
Employees

65+
Partners

We know your questions don't end when the audit does, so the team leadership remains available to you throughout the year.

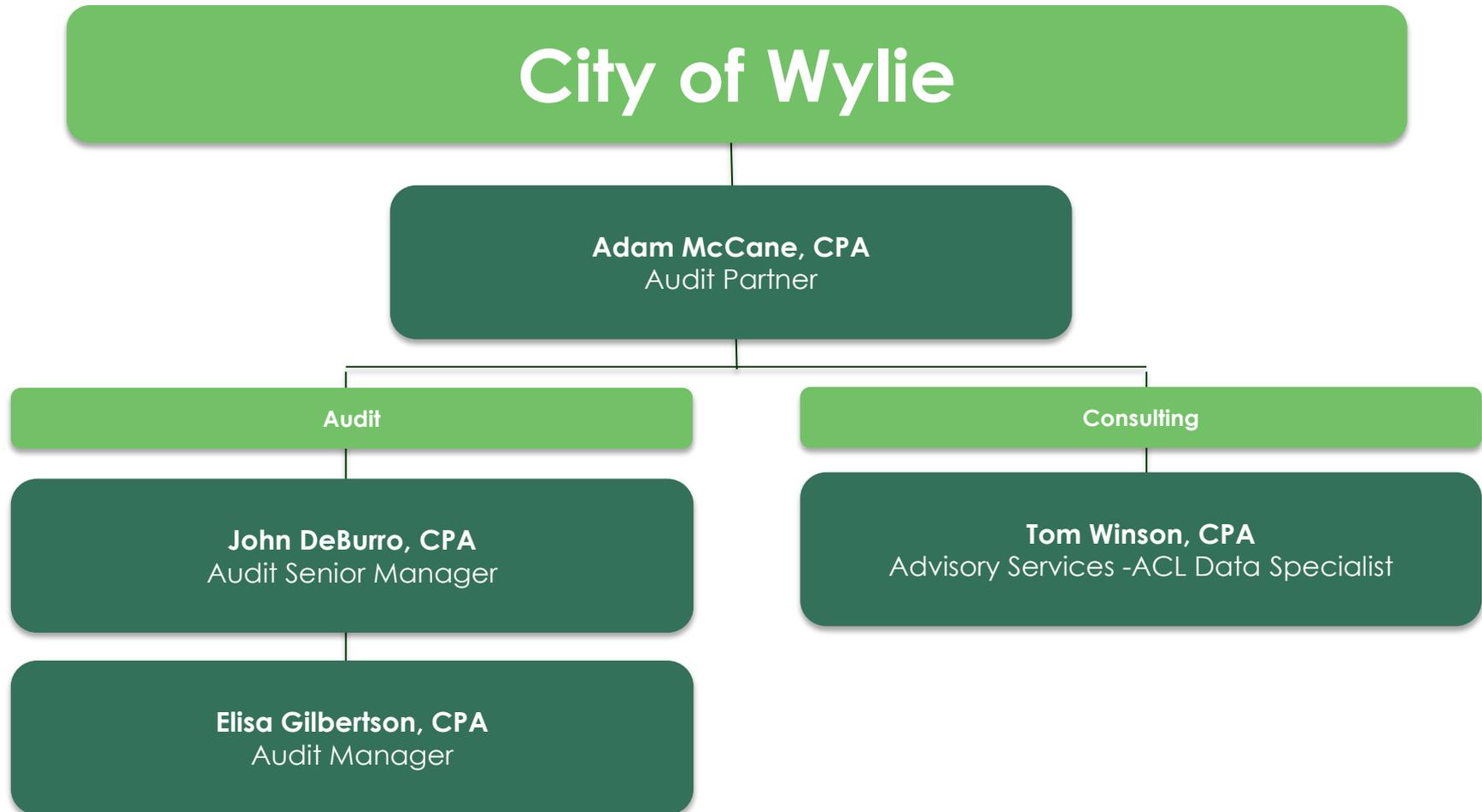
Adam McCane

Partner, Assurance Services

John DeBurro

Senior Manager, Assurance Services

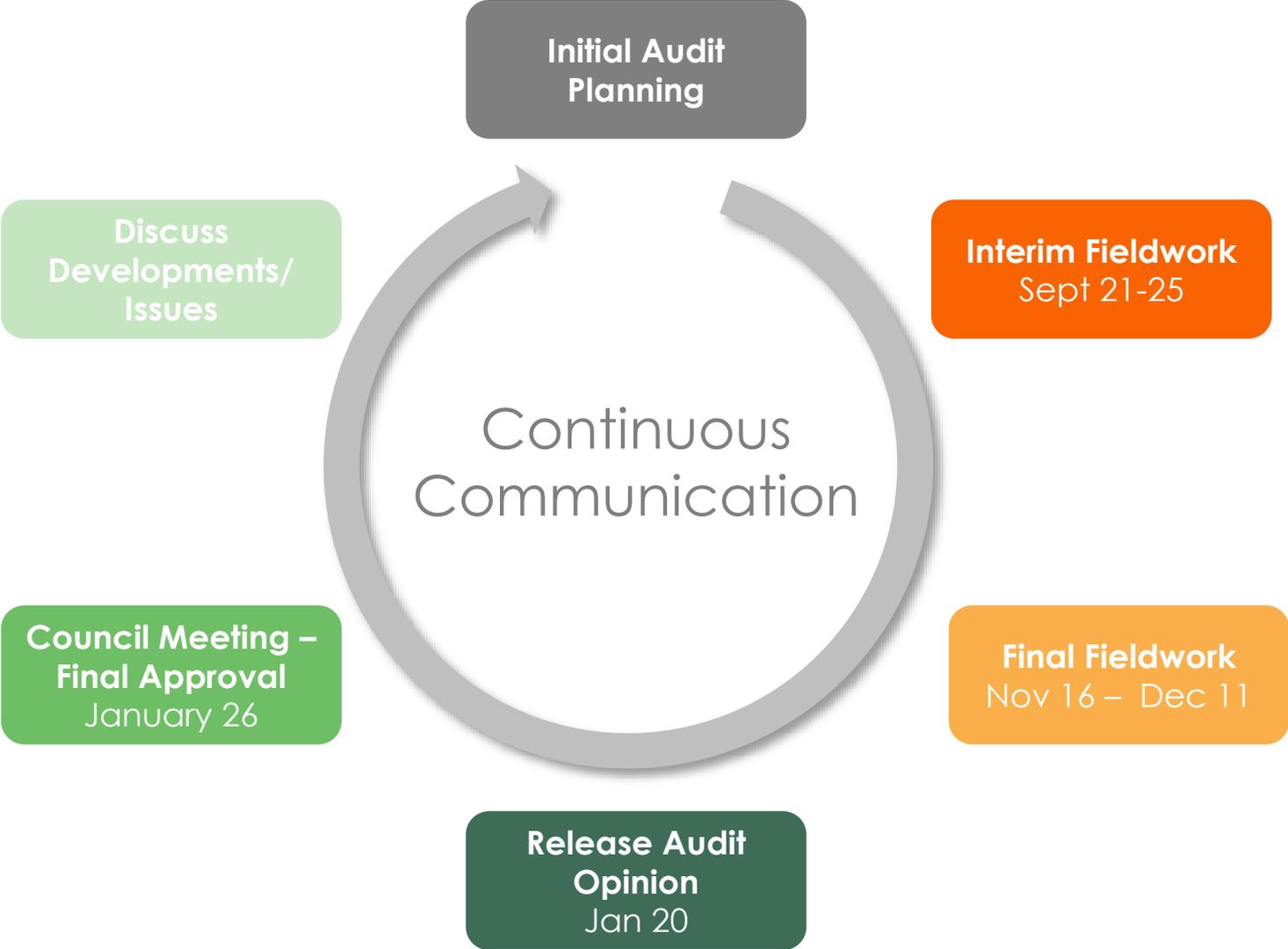
Engagement Team



Audit Process



Engagement Timeline



Interim fieldwork and risk assessment were performed in September 2015. Procedures included:

- Walkthrough of accounting controls over significant transaction cycles:
 - Budget and financial closing
 - Cash receipts – taxes, municipal court, permits, utility billing
 - Purchasing and Accounts Payable
 - Payroll – including controls over pension data
- Test of internal controls:
 - Payroll
 - Cash disbursements
- Test of compliance
 - PFIA
 - Bidding procedures

Final fieldwork- performed in November / December 2015. Procedures included:

- Testing of significant accounting balances using a combination of vouching of material transactions, sampling transactions and applying analytical procedures.
- Assisting with the preparation of the CAFR.



Auditor Communications

for the year ended September 30, 2015

Weaver**Views**

Required Communications to Those in Charge of Governance

Communication

Auditor's responsibility under generally accepted auditing standards (GAAS)

Results

The financial statements are the responsibility of the City. Our audit was designed in accordance with GAAS in the U.S. and 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 prepared by management with your oversight 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 2015 financial statements has been completed and we have issued an unmodified opinion.

Required Communications to Those in Charge of Governance

Communication

Auditor's Responsibility under 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 reports 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 basic financial statements.

New GASB pronouncements implemented in 2015 include GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". As a result, the City reports its net pension liability, deferred inflows and outflows of resources, and pension expense associated with the Texas Municipal Retirement System. Accordingly, the beginning net position of the City's governmental activities, business-type activities and discretely presented component unit have been decreased by \$7,298,067, \$799,034, and \$114,969, respectively, to reflect the cumulative effect of the change in accounting principle.

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 fraud, 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 MD&A and RSI. We did not provide any assurance on this information.
Management judgments and accounting estimates	Management’s estimates of allowances for uncollectible receivables, estimated useful lives for capital assets, and net pension liability 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	We encountered no significant difficulties.
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.

Required Communications to Those in Charge of Governance



Communication	Results
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 significant audit adjustments to report.</p> <p>In addition, management has determined that the effects of the uncorrected misstatement listed on page 19 are immaterial, both individually, and in the aggregate to the financial statements taken as a whole.</p>
Other material written communications between Weaver and Tidwell, L.L.P., and the City.	Nothing to note

Required Communications to Those in Charge of Governance

Passed adjusting journal entries:

Account	Description	Debit	Credit
Proposed JE # 3001			
To adjust CY component unit liabilities for incentives owed based on requirements met at year end.			
111-3000-34110	FUND BALANCE - RESERVED	47,780.00	
111-2000-20210	ACCOUNTS PAYABLE		22,063.00
111-5611-56030	INCENTIVES		25,717.00
Total		47,780.00	47,780.00

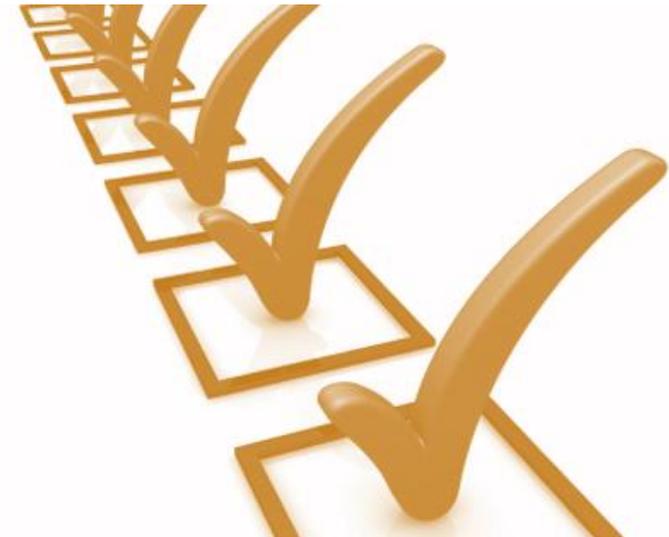


Auditor Results

Weaver**Views**

Audit Results

- We have issued the Independent Auditor's Report on the City's financial statements
 - Unmodified opinion
- We have 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 findings noted



Areas of Strength and Accomplishments

- Management knowledgeable in municipal finance
- Full cooperation of Finance staff
- No material weaknesses in internal controls

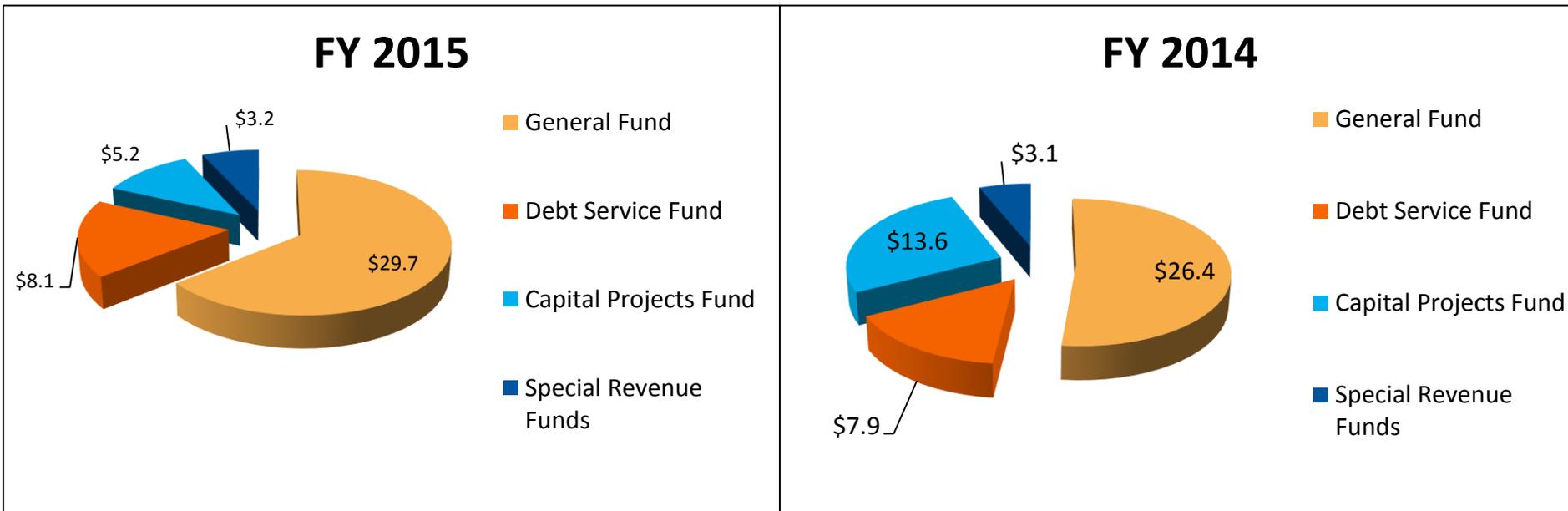


Financial Highlights

A black and white photograph of a person's hands writing on a tablet. The person is wearing a white shirt. The tablet is held at an angle. In the background, there is a newspaper with some text and a pair of glasses. The overall scene suggests a professional or financial setting.

Financial Highlights

Comparison of Governmental Funds Expenditures by Fund (in millions of dollars)

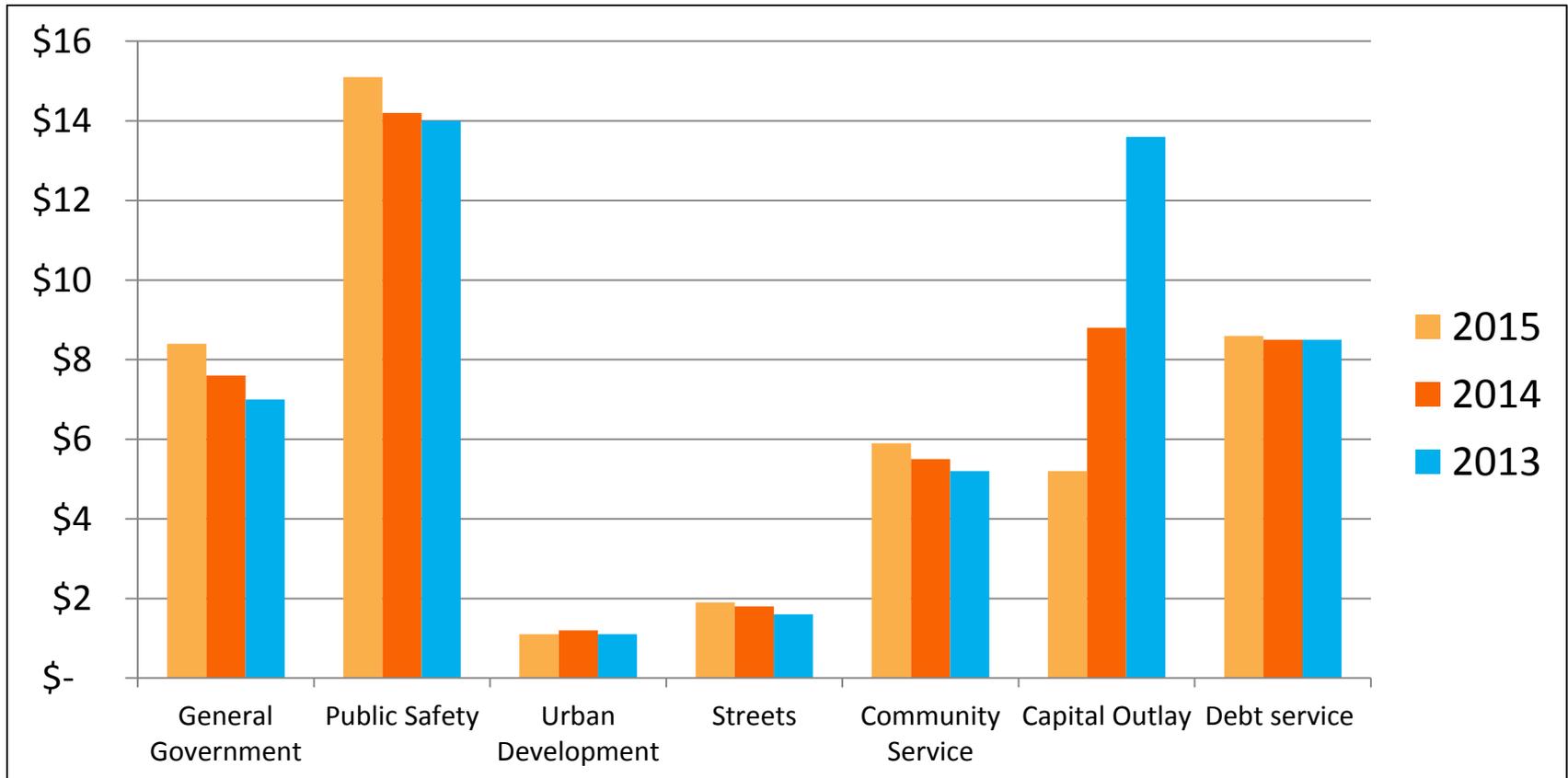


Governmental Funds Expenditures for FY 2015 totaled \$46.2 million, a \$1.4 million or 2.9% decrease.

- The overall decrease in governmental expenditures is primarily attributable to capital outlay expenditures decreasing \$3.6 million, the result of less capital projects activity taking place in the current year.

Financial Highlights

Comparison of Governmental Funds Expenditures *



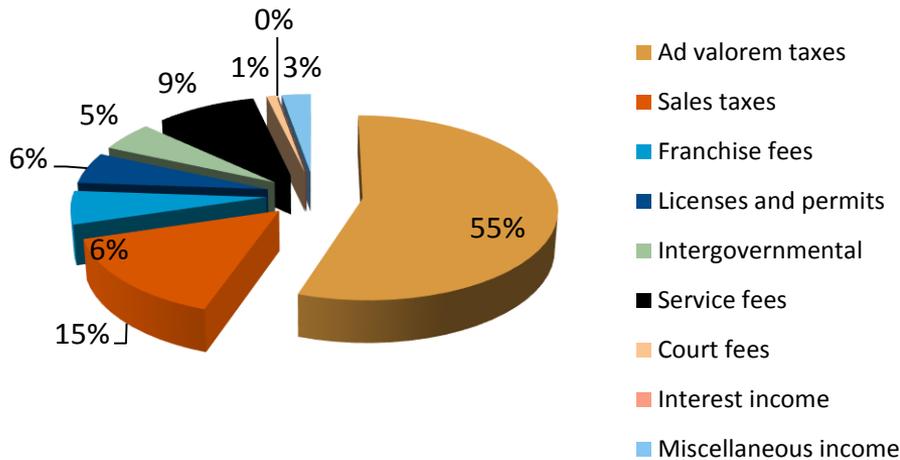
*(3-year comparison - in millions)

Financial Highlights

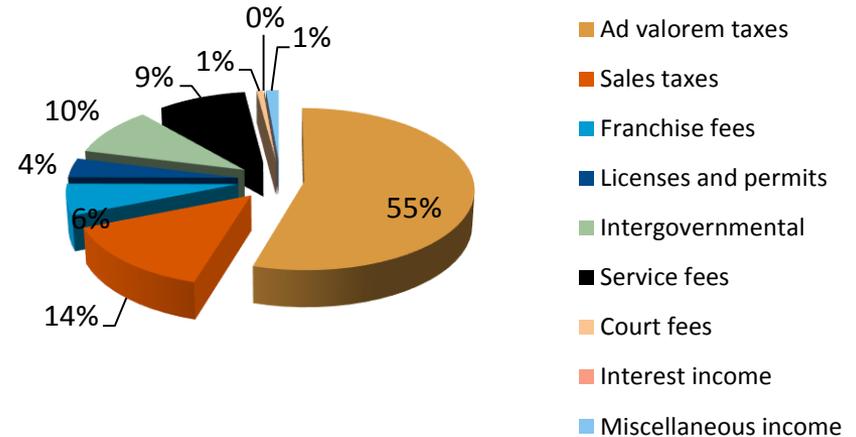
Comparison of Governmental Revenues by Source

Governmental Revenues for FY 2015 totaled \$44.4 million, a \$3.1 million or 7.5% increase. Increase is primarily attributable to current year increases in property taxes (\$2.0m); licenses and permits (\$0.9); and sales tax revenues (\$0.8m).

FY 2015 Revenues

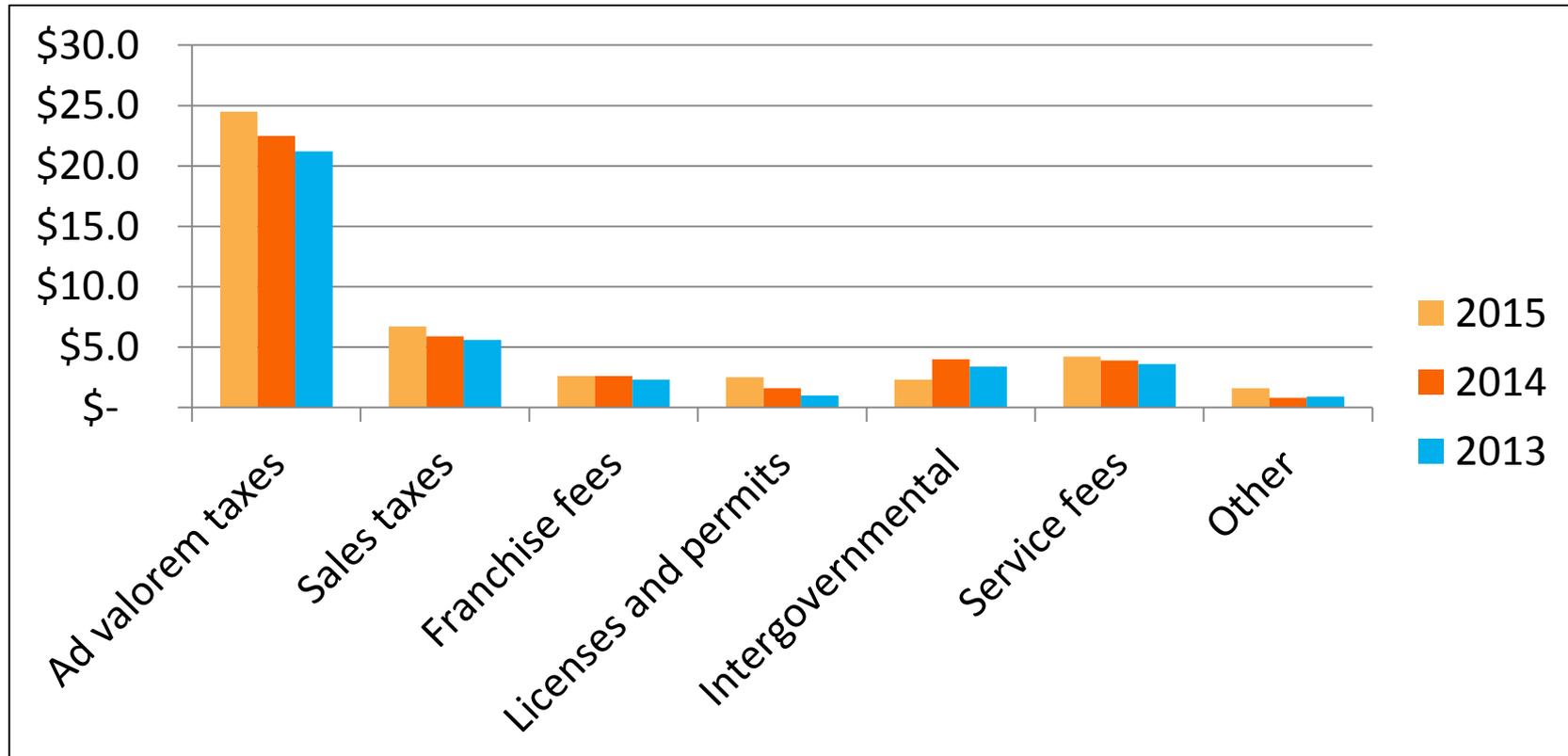


FY 2014 Revenues



Financial Highlights

Comparison of Governmental Funds Revenues by Source



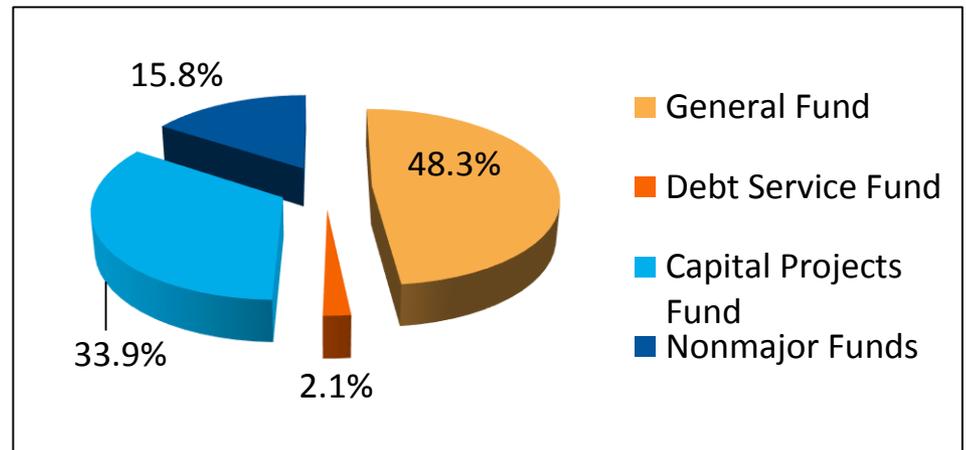
(3-year comparison in millions)

Financial Highlights

Fund Balances

Governmental Funds' Fund Balances

As of September 30, 2015, the City's governmental funds reported a combined ending fund balance of \$29.2 million as follows:



Governmental Funds' fund balance increased by \$631K, primarily due to increases in both the General Fund and Non Major funds. General Fund unassigned fund balance (\$13,561,725) represents 46% of General Fund expenditures.

Financial Highlights

Budgetary Highlights – General Fund

The City had a favorable budget variance of \$3.1 million net change in fund balance:

- Actual revenues were 1.5 million more than budget.
- Actual expenditures were below budget by \$1.6 million.

Standards Required to be Implemented in FY2016

Effective for the year ended September 30, 2016

GASB 72 – Fair Value Measurement

- **Objective:** to improve accounting and financial reporting by state and local governmental entities related to fair value measurements.
- **Effect:** GASB 72 will require the City to review its current methods for measuring assets and liabilities that are subject to fair value reporting.

GASB 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

- **Objective:** to identify the hierarchy of generally accepted accounting principles (GAAP).
- **Effect:** GASB 76 will not have a significant effect on the City's financial reporting.

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



A black and white photograph of a classroom. Several students are seated at desks, and their hands are raised in the air, indicating they want to ask a question or participate. The scene is overlaid with a semi-transparent green banner.

Questions?

Contact Us

Adam McCane, CPA | Engagement Partner
817.882.7768 | adam.mccane@weaver.com

John DeBurro, CPA | Senior Manager
972.448.6970 | john.deburro@weaver.com