

# CITY OF TEXAS CITY

FISCAL YEAR 2024: FINANCIAL STATEMENT AUDIT AND FEDERAL SINGLE AUDIT



## ENGAGEMENT LEADERSHIP TEAM



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*Engagement Quality  
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## THE AUDIT PROCESS



## PURPOSE OF THE AUDIT AND POTENTIAL OUTCOMES



# AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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# REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

## Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	Yes, #2024-001 and #2024-003
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	Yes, #2024-003

# FEDERAL SINGLE AUDIT REPORT

## Federal Awards

Internal control over major programs: Material weakness (es) identified?	Yes, #2024-002 and #2024-003
Significant deficiencies identified that are not considered to be material weaknesses?	Yes, #2024-004
Type of auditors' report issued on compliance with major programs: Community Development Block Grant/State's Program COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	Qualified Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) ?	Yes, #2024-002, #2024-003, and #2024-004
<b>Identification of major programs:</b>	
<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
<b>U.S. Department of Housing and Urban Development</b> <i>Community Development Block Grant/State's Program</i>	14.228
<b>U.S. Department of Treasury</b> <i>COVID-19 - Coronavirus State and Local Fiscal Recovery Fund</i>	21.027
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low risk auditee?	Yes

## SUMMARY OF FINDINGS



### **#2024-001 Financial Close and Reporting**

- 🚩 Material Weakness – Controls Over Financial Reporting

### **#2024-002 CDBG Performance Reporting**

- 🚩 Material Weakness – Controls Over Compliance
- 🚩 Material Noncompliance - Federal Major Program

### **#2024-003 Duplicate Payments to Vendors**

- 🚩 Material Weakness – Controls Over Financial Reporting & Compliance
- 🚩 Material Noncompliance - Financial Statements and Federal Major Program

### **#2024-004 CSLFRF Performance Reporting**

- 🚩 Significant Deficiency – Controls Over Compliance

# REQUIRED COMMUNICATIONS



## Significant Accounting Policies

- The City's accounting policies and methods are appropriate and in accordance with industry standards.
- No changes in accounting standards in FY 2024, but City should be prepared to implement these significant standards:
  - FY 2025 – GASB 101, *Compensated Absences*
  - FY 2026 – GASB 103, *Financial Reporting Model Improvements*

## Accounting Estimates

- The preparation of the financial statements requires that certain estimates and judgments be made by management. We concluded that management has a reasonable basis for significant judgments and estimates that impact the financial statements.

## Significant Risks Identified

- Improper revenue recognition (present in every financial statement audit, not specific to the City)
- Duplicate payments to vendors
- Financial close and reporting process



# REQUIRED COMMUNICATIONS

## Difficulties Encountered in Performing the Audit

- ⚡ We encountered no difficulties in dealing with management in performing and completing our audit.

## Corrected or Uncorrected Misstatements

- ⚡ There were material misstatements that were identified by us that required management's correction.

## Disagreements with Management

- ⚡ We had no disagreements with management over the application of accounting principles or management's judgments about accounting estimates.

## Management Representations

- ⚡ We have requested certain representations from management.

## Consultation with Other Accountants

- ⚡ We are not aware of any situations in which management consulted with other accountants on accounting or financial reporting matters.

## Major Issues Discussed with Management Prior to Retention

- ⚡ We discussed the application of accounting principles and auditing standards; however, our responses were not a condition to our retention.

QUESTIONS?

