

AUDIT REPORT ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

For Fiscal Year Ended September 30, 2021

INTRODUCTION

- BKD, LLP is the City's external auditor for the 4th year
- Work was completed on March 4, 2022 and consisted of:
 - Annual Comprehensive Financial Report (ACFR)
 - Single Audit Report
- BKD, LLP presented their findings to the Audit Committee on March 22, 2022

COUNCIL ACTION

Staff is requesting Council acceptance of the following documents for the year ended September 30, 2021 as presented:

- Annual Comprehensive Financial Report (ACFR)
- Single Audit Report



FY2021 AUDIT RESULTS PRESENTATION TO THE AUDIT
COMMITTEE OF THE CITY OF COLLEGE STATION, TEXAS

AUDIT SCOPE

- Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in *Government Auditing Standards* Issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance)
 - Designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on a major federal program occurred.
 - In performing auditing procedures, we establish scopes of audit tests in relation to the opinion unit being audited.
 - Our engagement does not include a detailed audit of every transaction.
 - Our engagement letter more specifically describes our responsibilities.

AUDIT SCOPE, CONTINUED

- These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated on the following slides
- The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
- An audit of the financial statements and compliance does not relieve management or those charged with governance of their responsibilities.

AUDIT DELIVERABLES COMPLETED

Annual
Comprehensive
Financial Report

Single Audit under
Uniform Guidance

RESULTS OF THE AUDIT

- Unmodified "clean" opinions
- No scope limitations
- No unresolved audit issues
- Open and effective communication with management

MAJOR PROGRAM TESTED FOR THE FEDERAL SINGLE AUDIT



RESULTS OF FEDERAL SINGLE AUDIT

- Report on internal control over financial reporting
 - Finding
 - 2021-001 – Restatement of Prior Year Financial Statements
- Unmodified opinion on compliance

ACCOUNTING & AUDITING MATTERS – PRONOUNCEMENTS EFFECTIVE FOR FY2021

GASB Statement No. 84, *Fiduciary Activities*

GASB Statement No. 90, *Majority Equity Interests* – an amendment of GASB Statements No. 14 and 61

GASB Statement No. 91, *Conduit Debt Obligations*

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

GASB Statement No. 98, *The Annual Comprehensive Financial Report*

QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Significant Accounting Policies	Described in Note 1 of the audited financial statements
Alternative Accounting Treatments	No matters are reportable
Management Judgements and Accounting Estimates	<ul style="list-style-type: none"> - Allowance for doubtful accounts - Unbilled accounts receivable - Insurance and risk management liability - Actuarial assumptions used to estimate the liability, expense and related deferred inflows and outflows of resources for pension and OPEB plans
Significant Unusual Transactions	No matters are reportable

REQUIRED COMMUNICATIONS

Financial Statement Disclosures

- Other post employment benefits
- Defined benefit pension plan
- Commitments and contingencies

Audit Adjustments

- Areas in which adjustments were proposed and recorded by management include Grant revenue and unearned revenue
- Areas in which adjustments were proposed and not recorded by management include claims payable and claims expense

Auditor's Judgments about the Quality of the City's Accounting Principles

- Implementation of GASB 84
- Restatements

Other Material Communications

Management representation letter

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies

APPENDIX

ACCOUNTING & AUDITING MATTERS – PRONOUNCEMENTS EFFECTIVE FOR FY2022 AND FY2023

GASB Statement No. 87, *Leases* (FY2022)

GASB Statement No. 93, *Replacement of Interbank Offered Rates* (only Paragraphs 13 & 14 - FY2022)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (FY2023)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (FY2023)

TEXAS GRANT MANAGEMENT STANDARDS

- The Texas Grant Management Standards (TxGMS) supersedes the State of Texas Uniform Grant Management Standards (UGMS).
- **TxGMS highlights:**
 - TxGMS is better aligned with the federal *Uniform Guidance* in 2 CFR, Part 200.
 - **TxGMS will apply to grants and contracts that begin on or after Jan. 1, 2022.**
 - To ensure a seamless adoption of changes to federal law and regulation, TxGMS is automatically amended to include all modifications to the *Uniform Guidance* and any associated Federal agency implementing regulations that occur subsequent to the TxGMS publication date.

Thank You!

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