

Presentation to

City of Corpus Christi

City Council Meeting



Overview

- Introductions
- Audit Process
- Audit Results and Communications
- Questions

A black and white photograph of a modern office interior. In the foreground, a curved glass table is surrounded by several grey chairs. The table has some papers on it. In the background, large windows with dark frames offer a view of a city skyline. A green horizontal band is overlaid across the middle of the image, containing the word 'Introductions' in white text.

Introductions

Weaver**Views**

Engagement Team

City of Corpus Christi

Audit Leadership

Matt Rogers, CPA
Engagement Director

Randi Vaughn, CPA
Engagement Manager

Kaitie Miller
Engagement Senior

Nick Laitkep
Engagement Senior

Audit Staff

IT Advisory Services

Audit Process



Audit Schedule



Audit Process

- **Audit Standards** — Performed the audit in accordance with *Generally Accepted Auditing Standards (GAAS)* and *Generally Accepted Government Auditing Standards (GAGAS)*
- **Single Audit** — Performed the single audit of federal and state awards in accordance with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and *Texas Uniform Grant Management Standards*
- **Compliance** — Performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, including items such as compliance with the Public Funds Investment Act and State procurement requirements.



Audit Results and Communications

Audit Results: Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? **No**
- Significant deficiencies that are not material weaknesses? **Yes, 2024-001**
- Noncompliance material to financial statements noted? **No**

Audit Results: Federal Awards

Type of auditor's report issued on compliance: **Unmodified**

Internal control over major programs:

➤ Material weakness(es) identified? **No**

➤ Significant deficiencies identified that are not considered to be material weaknesses? **None reported**

➤ Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance §200.516(a)? **No**

Identification of major programs:

➤ 93.268 – Immunization Grants

➤ 21.027 – Coronavirus State and Local Fiscal Recovery Funds

Audit Results: State Awards

Type of auditor's report issued on compliance:

Unmodified

Internal control over major programs:

➤ Material weakness(es) identified?

No

➤ Significant deficiencies identified that are not considered to be material weaknesses?

None reported

➤ Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards?

No

Identification of major programs:

➤ Hospital Preparedness Program

Summary Schedule of Audit Findings



Significant Deficiency in Internal Control over Financial Reporting – Financial Statement Closing 2024-001 (Recurring)

- Condition: During our audit we identified several accounts that were not reconciled timely and/or accurately that resulted in audit adjustments, adjustments received from the client late in the audit process, and delays in the audit process.
- Cause: The City has experienced high turnover, creating difficulties with staff having the knowledge and experience to perform the annual closing procedures and prepare supporting documents for annual financial reporting.
- Effect or Potential Effect: Activity in several accounts were unreconciled, resulting in adjusting entries after fiscal year-end. Continued delays in reconciling accounts at year end may result in undetected misstatements.
- Recommendation: We recommend that City's management evaluate and modify its financial statement closing procedures to perform quarterly reconciliations, where appropriate, and provide additional staff training. The City also should evaluate if the proper staffing levels are in place to manage the volume and complexity of its data.

Summary Schedule of Prior Year Findings

Significant Deficiency in Internal Control over Financial Reporting – Financial Statement Closing 2023-001 (Recurring in 2024)

- Condition: During our audit we identified several accounts that were not reconciled timely and/or accurately that resulted in audit adjustments, adjustments received from the client late in the audit process, and delays in the audit process.
- Cause: The City has experienced high turnover, creating difficulties with staff having the knowledge and experience to perform the annual closing procedures and prepare supporting documents for annual financial reporting.
- Effect or Potential Effect: Activity in several accounts were unreconciled resulting in adjusting entries after fiscal year-end.
- Corrective Action Plan: The City agrees with the auditor's recommendations for City management to evaluate and modify its financial statement closing procedures to perform quarterly reconciliations, where appropriate, and provide additional staff training. The City will also evaluate if the proper staffing levels are in place to manage the volume and complexity of its data.
- Status: The City began implementing corrective actions in 2024 and is expected to complete its plans by year end 2025.

Audit Results:

Passenger Facility Charge Audit



Type of auditor's report issued on compliance:

Unmodified

Internal control over compliance:

- Material weakness(es) identified?
- Significant deficiencies that are not material weaknesses?
- Any audit findings required to be reported under the *Passenger Facility Charge Audit Guide for Public Agencies*

No

None reported

No

Auditor Responsibility

- Form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your respective responsibilities.
- Plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.
- Communicate significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process.

Auditor Responsibility - Continued

- We relied on the reports of other auditors, and our opinion includes a reference to these other auditors for the following entities:
 - Corpus Christi Firefighters' Retirement System
- Supplementary information – “in-relation-to” opinion provided – unmodified
- Required supplementary information – we do not express an opinion or provide any assurance on the information.
- Other information - our opinions on the financial statements do not cover the other information (Introductory and Statistical Section), and we do not express an opinion or any form of assurance thereon. Our responsibility includes communicating to you any information which we believe to be a material misstatement of fact. Nothing came to our attention.

Uncorrected Misstatements

- For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.
- The following summarizes the uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Auditor Communications

Uncorrected Misstatements - Continued

		Financial Statement Effect—Amount of Overstatement (Understatement):	
Description (Nature) of Audit Difference	Cause	Expenses / Expenditures	Beginning Fund Balance / Net Position
<u>Opinion unit(s): Governmental Activities</u>			
Correction to capitalize prior year expenses	Invoices were improperly expensed in the previous fiscal year for work that should have been capitalized	(11,989,465)	11,989,465
Totals		(11,989,465)	11,989,465
<u>Governmental Activities</u>			
Audit difference above:		(11,989,465)	11,989,465
Financial statement caption totals:		460,968,794	863,891,182
Audit difference as percent of financial statement caption totals:		2.6%	1.4%

Corrected Misstatements

- In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.
- None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Thank you!

We appreciate
the opportunity
to serve the
**City of Corpus
Christi** and look
forward to
working with
you next year.



Contact us:

Discussion

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