



FINANCIAL SERVICES

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April 15, 2024

Weaver and Tidwell, L.L.P.
4400 Post Oak Parkway, Suite 1100
Houston, Texas 77027

This representation letter is provided in connection with your audit of the financial statements of the City of Corpus Christi, Texas (the City), which comprise the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements of the various opinion units are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of April 15, 2024.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated July 25, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
6. We have a process to track the status of audit findings and recommendations.
7. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
8. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
9. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
10. There are no related party relationships and transactions which should be accounted for and disclosed in accordance with the requirements of U.S. GAAP.

11. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed, as applicable.
12. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in aggregate, to the applicable opinion units and to the financial statements as a whole.
13. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
14. With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
15. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
16. All funds and activities are properly classified.
17. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
18. All net position components and fund balance classifications have been properly reported.
19. Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
20. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
21. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
22. All interfund and intra-entity transactions and balances have been properly classified and reported.
23. There are no special items and extraordinary items that should be reported.
24. Deposit and investment risks have been properly and fully disclosed.
25. Provisions for uncollectible receivables have been properly identified and recorded.
26. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
27. All required supplementary information is measured and presented within the prescribed guidelines.
28. With regard to pensions and OPEB:
 - a. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
 - b. We are unable to determine the possibility of a withdrawal liability from the Texas Municipal Retirement System (TMRS), of which we are a sponsor and are not currently contemplating withdrawing from the TMRS.
 - c. We are unable to determine the possibility of a withdrawal liability from the Corpus Christi Fire Fighters' Retirement System, of which we are a sponsor and are not currently contemplating withdrawing from the Corpus Christi Fire Fighters' Retirement System.
 - d. Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation, or disclosed as a subsequent event.

29. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
30. With respect to the preparation of the basic financial statements and related notes, and the schedule of expenditures of federal and state awards and related notes, we have performed the following:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

31. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;
 - e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
32. The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
33. All transactions have been recorded in the accounting records and are reflected in the financial statements.
34. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
35. We have no knowledge of any material fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
36. We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
37. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
38. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, as applicable.
39. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
40. The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
41. We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.

42. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year, as applicable.
43. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
44. There are no:
 - a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - d. Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
45. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
46. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
47. Environmental Remediation: As a result of the City's landfill operations, the City may be subject to loss due to environmental remediation liabilities:
 - a. We have provided you with information regarding all pending environmental remediation claims.
 - b. Provision for loss has been made, in accordance with the applicable financial reporting framework, for any material loss that is probable from the environmental remediation liabilities.
 - c. We believe our estimate is reasonable, based on information available as of the date of this letter, and that our responsibilities have been adequately disclosed in the financial statements.

Accounting Changes

48. We have not completed the process of evaluating the effect that will result from adopting the guidance in Governmental Accounting Standards Board Statement No. 101, *Compensated Absences* (GASB 101), as discussed in Note 1. The City is therefore unable to disclose the effect that adopting the guidance in GASB 101 will have on its financial position and the results of operations when such statement is adopted.

Reported Findings

49. We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.

Use of a Specialist

50. We agree with the findings of specialists in evaluating the claims incurred but not reported liability, the net pension liability, and the OPEB liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Cybersecurity

51. There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.

Supplementary Information in Relation to the Financial Statements as a Whole

52. With respect to the supplementary information as listed in the table of contents accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
- b. We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We have disclosed to you any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, and we believe the assumptions are reasonable and appropriate in the circumstances.
- e. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- f. We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- g. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

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Required Supplementary Information

53. With respect to the required supplementary information as listed in the table of contents accompanying the financial statements:

- a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with prescribed guidelines.
- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. We have disclosed to you any significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, and we believe the assumptions are reasonable and appropriate in the circumstances.
- e. When the required supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the required supplementary information no later than the date of issuance by the entity of the required supplementary information and the auditor's report thereon.



City of Corpus Christi, Texas, City Manager



City of Corpus Christi, Texas, Chief Financial Officer



City of Corpus Christi, Texas, Interim Director of Finance and Procurement

Summary of Uncorrected Misstatements

Description (Nature) of Audit Difference	Cause	Financial Statement Effect—Amount of Overstatement (Understatement):		
		Total Liabilities / Deferred Inflows	Expenses / Expenditures	Ending Fund Balance / Net Position
<u>Opinion unit(s): Nonmajor Governmental Funds</u>				
Accrual of construction invoices.	Invoices were improperly accrued as of fiscal year end for work performed / completed after fiscal year end.	571,395	571,395	(571,395)
Accrual of construction invoices.	Invoices for certain construction projects were not properly / timely accrued as of fiscal year end for work performed and completed as of fiscal year end.	(1,710,000)	(1,710,000)	1,710,000
Totals		(1,138,605)	(1,138,605)	1,138,605
<u>Nonmajor Governmental Funds</u>				
Audit difference above:				
Financial statement caption totals:		(1,138,605)	(1,138,605)	1,138,605
Audit difference as percent of financial statement caption totals:		86,207,598	195,601,175	313,059,747
		-1.3%	-0.6%	0.4%