

PRESENTATION TO  
**CITY COUNCIL**



# Agenda



Audit Results



Required Communications



Findings



Financial Trends



New GASB Standards

# Audit Results



# Audit Results

REPORT	RESULTS
Financial Statement Opinion	Unmodified
Internal Control over Financial Reporting and on Compliance and Other Matters	No findings reported

# Audit Areas Of Emphasis

AUDIT AREA	STEPS PERFORMED
All significant transaction cycles	Gained understanding of internal control design and operation
Cash/Investments	Confirmed material balances, reviewed outstanding checks/deposits, tested classifications and fair values
ARPA Funding	Verified that unspent amount of funding was recorded as unearned revenue
Long-Term Debt	Confirmed material balances and tested appropriateness of debt refunding accounting

# Required Communications



REQUIRED COMMUNICATION	BKD'S RESPONSE
Significant Estimates	<ul style="list-style-type: none"> <li>• AR Allowance</li> <li>• Depreciable Lives</li> <li>• Landfill Post-Closure Care</li> <li>• Actuarial Assumptions Used in the Pension and OPEB liabilities</li> </ul>
Quality of Accounting Principles	<ul style="list-style-type: none"> <li>• Significant Accounting Policies</li> <li>• Alternative Accounting Treatments</li> </ul>
Financial Statement Disclosures	<ul style="list-style-type: none"> <li>• Capital assets</li> <li>• Pension and OPEB Plans</li> <li>• Landfill Closure and Post-Closure</li> </ul>
Auditor's Judgments About the Quality of Client's Accounting Policies	None
Other Information in Documents Containing Audited Financial Statements	None

REQUIRED COMMUNICATION	BKD'S RESPONSE
Disagreements with Management	None
Consultations with Other Accountants	None
Significant Issues Discussed with Management	<ul style="list-style-type: none"> <li>Implementation of GASB 84, Fiduciary Activities</li> </ul>
Difficulties or Disagreements while Performing the Audit	None
Substantial Doubt About the Entity's Ability to Continue as a Going Concern	None
Other Material Communications	None

# Findings



# Findings Reporting in CY



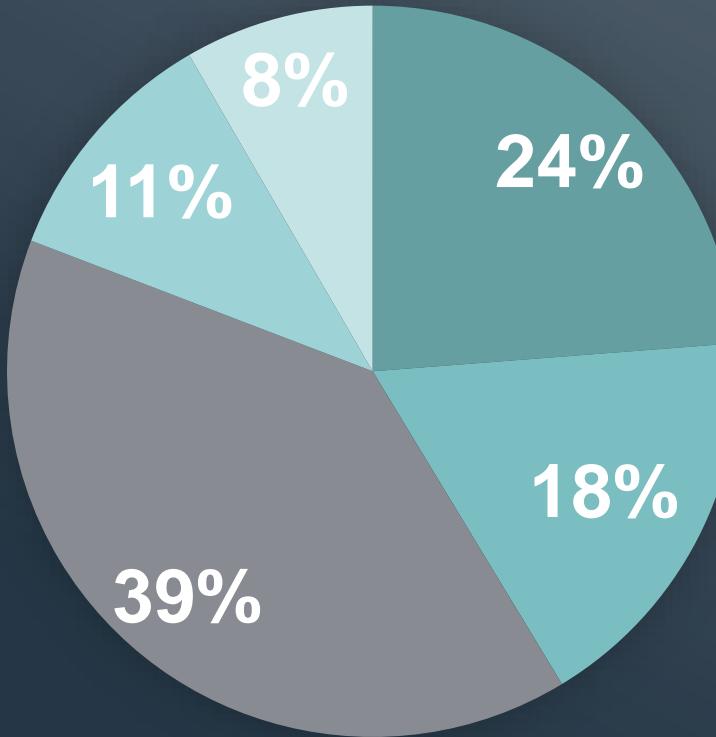
- Material Weakness – none identified
- Significant Deficiency – none identified
- Other Noncompliance – none identified

# Financial Trends



# Kerrville Government-wide Revenues by Source

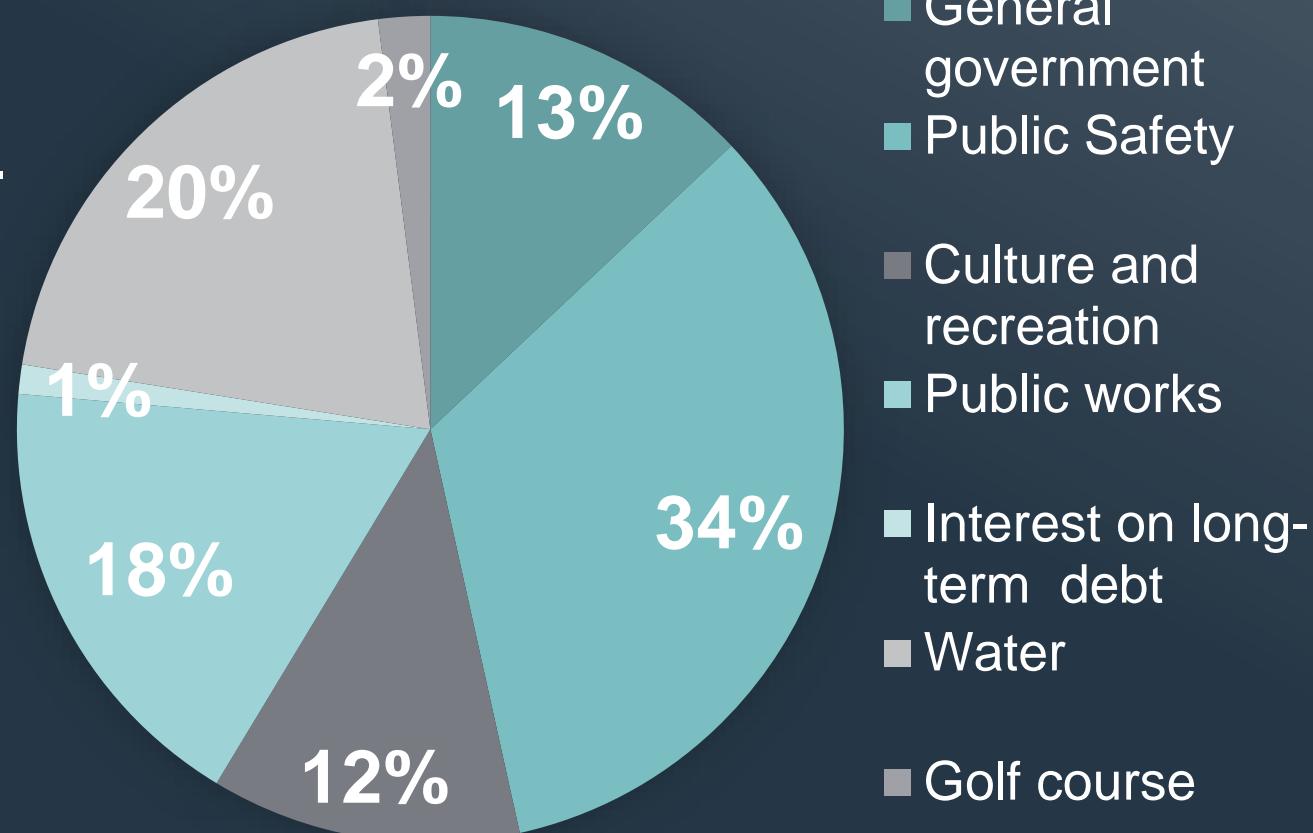
\$50.8 million



- Property Tax
- Sales and Use Taxes
- Charges for Services
- Operating and Capital Grants and Contributions
- Other

# KERRVILLE GOVERNMENT-WIDE EXPENSES BY FUNCTION/PROGRAM

Total Government-Wide Expense  
\$47.3 million

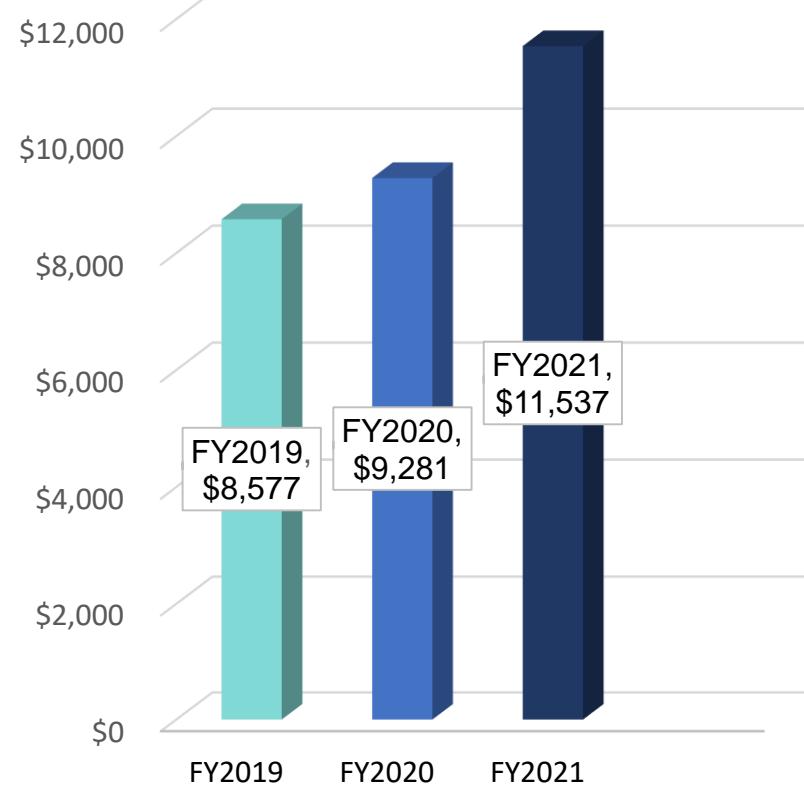


# Pension - Texas Municipal Retirement System – Primary Government

	FY 2019	FY 2020	FY 2021
Net Pension Liability	\$10.8M	\$5.5M	5.0M
Plan fiduciary net position as a % of the total pension liability	86.9%	93.8%	97.5%
Sensitivity of NPL FY 2021			
1% Decrease (5.75%)	Current Assumption (6.75%)	1% Increase (7.75%)	
\$17.73m	\$4.97m	(\$5.56m)	

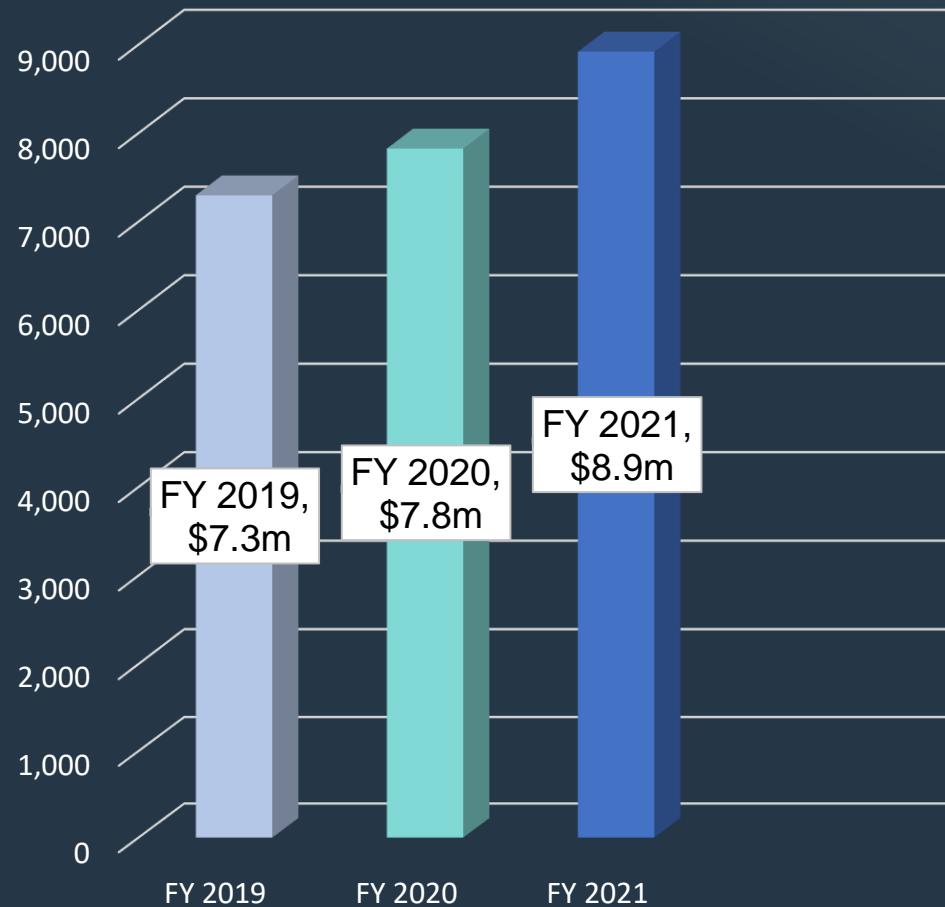
# GENERAL FUND – FUND BALANCE

Unassigned Fund Balance  
(In Thousands)



- ▶ Ending unassigned fund balance for the General Fund was \$11.54M
- ▶ Total fund balance increased \$1,545,588 or 8.5% from FY2020
- ▶ Unassigned fund balance is equal to 38.67% of FY2021 General Fund expenditures

# Sales and Use Tax



- Sales and Use taxes have increased 14% from PY 2020.
- Sales and Use taxes for FY 2021 make up 36.29% of total taxes.

# New GASB Standards



# New GASB Standards

- GASB Statement No. 87, Leases
  - Effective for the City's fiscal year ended September 30, 2022
- GASB Statement No. 96, Subscription-Based IT Arrangements
  - Effective for the City's fiscal year ended September 30, 2023

# Questions?

# Connect with Us

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