

Results of the 2020 External Audit

Presented by:

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Deputy Chief Financial Officer

March 16, 2021



External Audit Services



Required under the **provisions of**
the City Charter



Provides a true & fair view of the
financial position of the City



Required by State Statute



Ensures the City's records are properly
maintained, free from material misstatement, and
comply with established concepts, principles,
and accounting standards

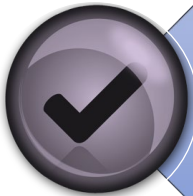
FY 2020 External Audit

- Grant Thornton LLP (GT) was awarded the contract on 6/15/17. April 2020 GT assigned all its rights, title, and interest in public sector clients to BKD, LLC.
 - The contract is a three-year term with two separate one-year extensions
 - Council approved the first one-year extension and assignment to BKD in June 2020.
 - One extension remains; Finance will begin pre-solicitation for a new contract in Oct/Nov 2020.
- This presentation is to go over the results of the FY2020 external audit and discuss required communications between BKD, LLC and the Committee

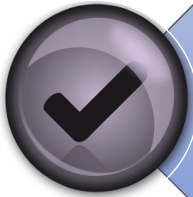
Communication of the External Audit



Comprehensive Annual Financial Report



Financial Report on Federal and State Grants, “Other Reports”



Financial and Compliance Report on Passenger Facility Charge Program

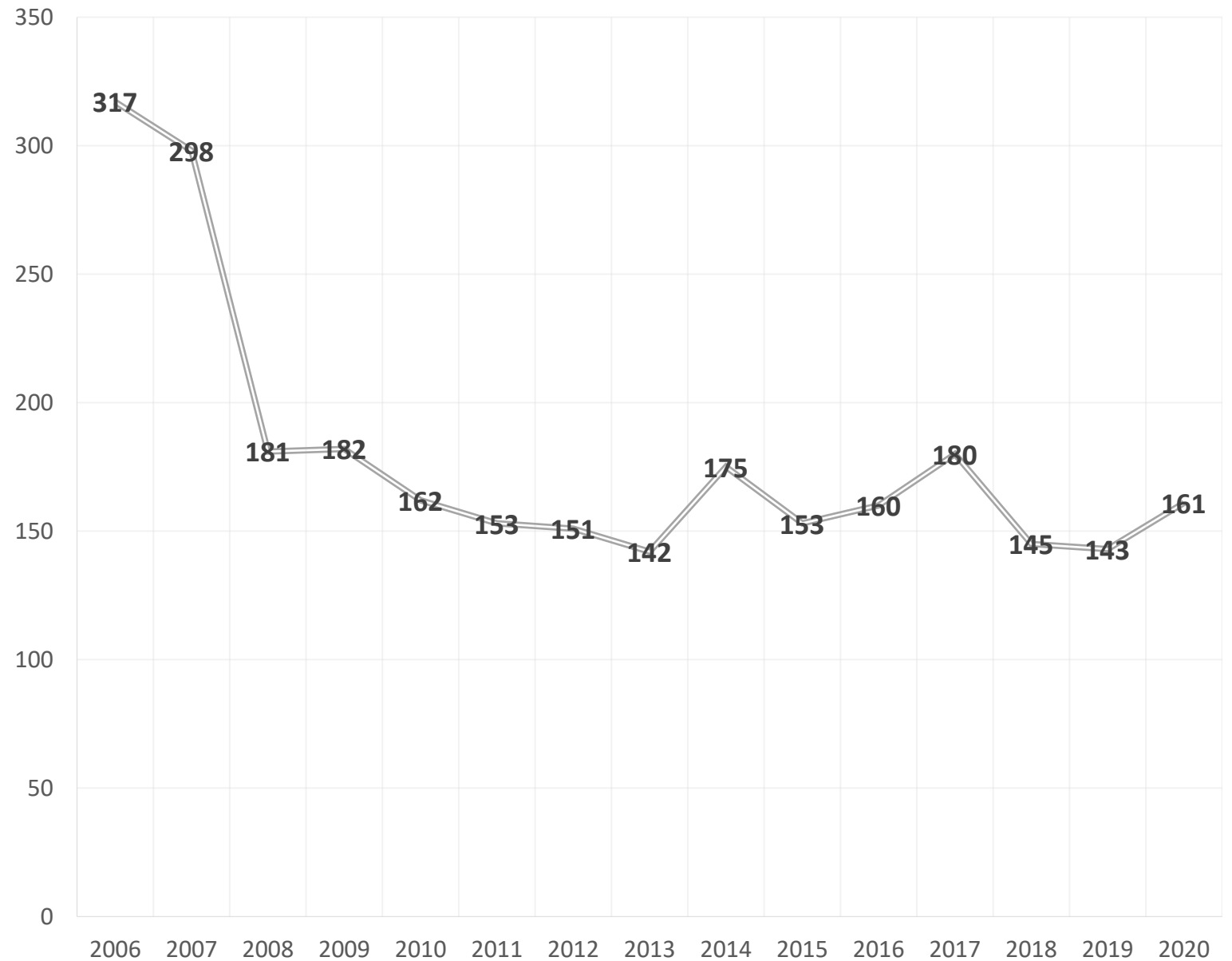


Report on Internal Controls (Management Letter), when applicable

These documents are available on the City’s transparency website:

<http://www.sanantonio.gov/Finance/bfi.aspx>

Days to Issue Annual Report



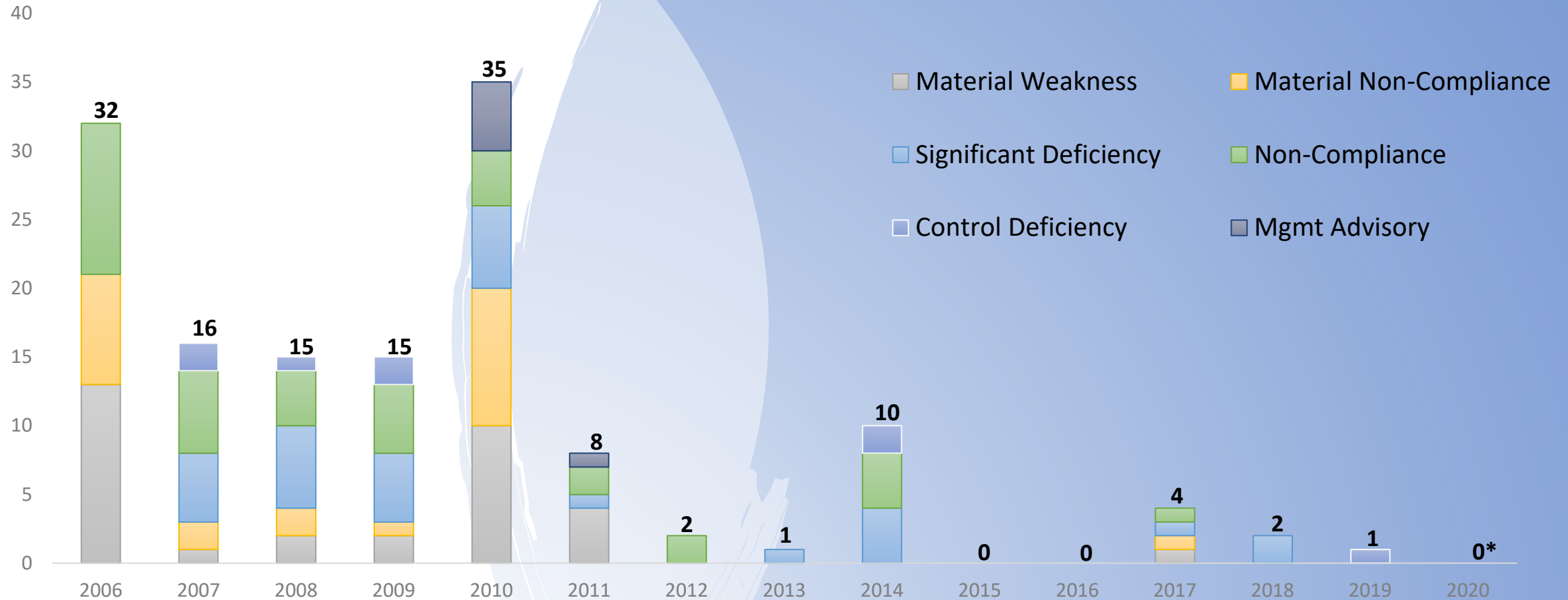
Internal Control Findings



Adjustment History

Fiscal Year	Reclassifications	Change in Net Position	Assets	Liabilities	Total Adjustments
2006	636,450,877	133,473,000	153,828,000	20,220,000	46
2007	196,929,107	51,556,450	9,023,045	33,485,547	11
2008	16,236,789	15,141,262	722,689	14,418,573	14
2009	21,294,238	313,751	1,010,073	696,322	9
2010	1,863,000	545,877	1,044,909	292,904	10
2011	14,091,013	2,768,994	9,026,866	4,929,028	10
2012		15,304,086	2,208,000	49,456,120	4
2013		38,563,000	6,876,000	28,400,000	7
2014		144,000	191,925,000	199,495,000	8
2015		115,000	3,485,000	3,600,000	3
2016		26,119,754	36,468,250	2,200,000	3
2017	19,946,930	383,203	4,418,548	3,449,224	7
2018		20,637,296		20,637,296	1
2019		-		-	0
2020		2,000,000		2,000,000	1

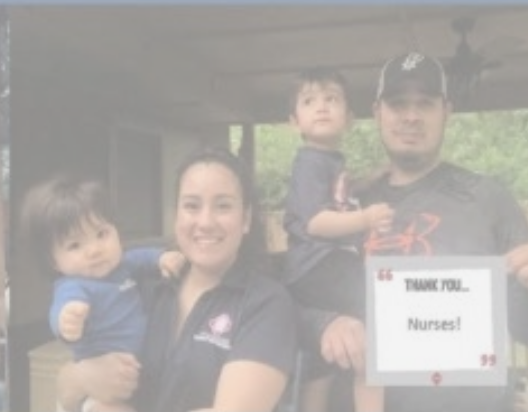
Single Audit Findings



* 4 items were discussed with management that did not meet the level of reportable findings.

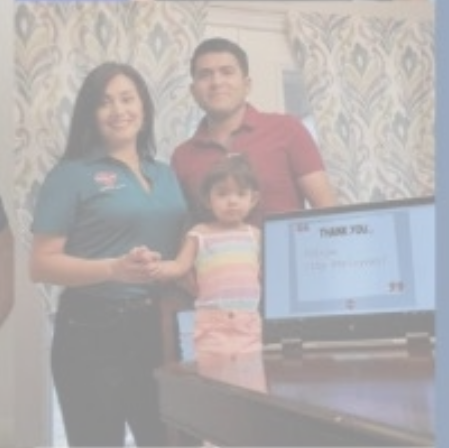
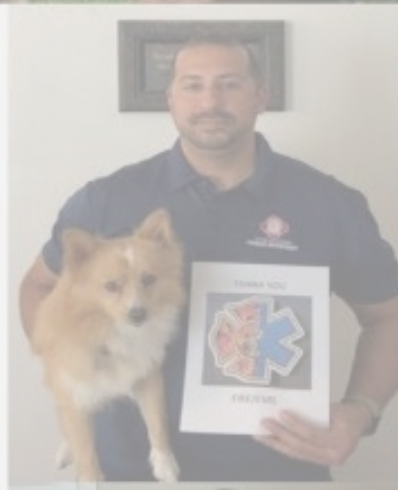
FY2020 Wrap Up

- FY2020 saw a significant portion of fiscal operations across the City shift to a remote work environment
 - Finance Department had to revise and create new policies to ensure controls were in place and operating effectively for remote work
- Controller's Division has been 100% remote since March
 - The External Audit was conducted remotely.
- Even with these challenges, staff were able to ensure the monthly financials and annual report were accurate, complete and timely.
- Special thanks goes out to the Controller's Division for their hard work in completing this audit. Specifically:
 - Victoria Roeder, Controller;
 - Elizabeth Drouillard & Kimberly Nunez, Financial Reporting Managers;
 - Jay Blackwell, General Ledger Manager; as lead by
 - Melanie Keeton, Assistant Finance Director



We are all in this together!

Controller's Division
Finance Department





THE CITY OF SAN ANTONIO, TEXAS

Audit And Accountability Committee Presentation
Fiscal Year Ended September 30, 2020

BKD^{LLP}
CPAs & Advisors

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), the State of Texas *Uniform Grants Management Standards* (UGMS), and the *Passenger Facility Charges Audit Guide* (PFC Audit Guide)
 - 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, UGMS, or PFC Audit Guide that could have a direct and material effect on a major federal or state 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

City of San Antonio
Comprehensive
Annual Financial
Report (CAFR)

Single Audit under
Uniform Guidance

Single Audit under
State of Texas
Uniform Grant
Management
Standards

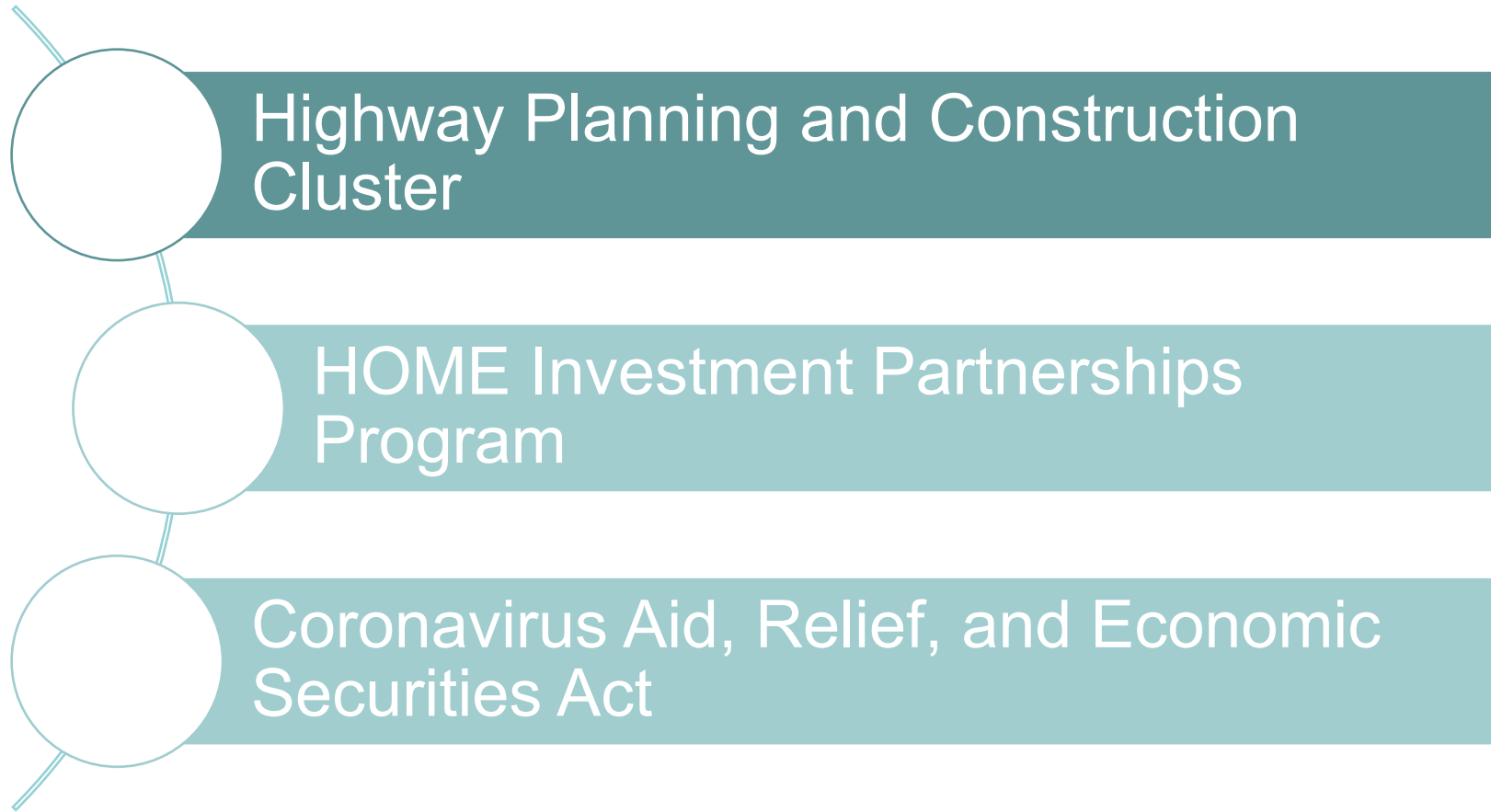
Passenger Facility
Charge Report

Texas Commission
on Environmental
Quality Agreed
Upon Procedures
Report

Results of the Audit

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

Major Programs for Single Audit Testing - Federal



Major Programs for Single Audit Testing - State



Status of Prior Year Findings

Source	Program	Year	Finding	Type of Finding	Status
State	Confiscated Property	2019	Cash Management - the SAPD did not deposit the funds within the required 15 days.	Control deficiency and Noncompliance	In progress as of 9.30.2020/ Corrected subsequent to year end

Results of Federal and State Single Audit and PFC Compliance Audits

Federal Programs

- › Report on internal control over financial reporting
- › Unmodified opinion on compliance
- › No findings

State Programs

- › Report on internal control over financial reporting
- › Unmodified opinion on compliance
- › No findings

PFC Program

- › Report on internal control over financial reporting
- › Unmodified opinion on compliance
- › No findings

Audit Adjustment Recorded

Reverse Coronavirus Relief Fund expenditures recorded in fiscal year 2020 that should have been in fiscal year 2021

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"> - Fair value of investments - Allowance for doubtful accounts - Arbitrage rebate liability - Self-insurance and IBNR liability - Actuarial assumptions used to estimate the liability, expense and related deferred inflows and outflows of resources for pension and OPEB plans
Financial Statement Disclosures	<ul style="list-style-type: none"> - Note 10: Pension and retirement plans - Note 11: Postemployment retirement benefits - Note 13: Commitments and contingencies - Note 15: Risk financing - Note 21: Subsequent events

Required Communications

Auditor's judgments about the quality of the City's accounting principles	No matters are reportable
Other information in documents containing audited financial statements	No matters are reportable
Disagreements with Management	No matters are reportable
Consultation with other accountants	No matters are reportable
Significant matters discussed with management regarding application of accounting principles or auditing standards	<ul style="list-style-type: none"> - Methodology for allocating Fire EMS salaries and related benefits to the Coronavirus Relief Fund program - Accounting for Coronavirus Relief Fund - Omission of certain component units - City Tower Fund presentation
Difficulties encountered in performing the audit	No matters are reportable
Other material communications	<ul style="list-style-type: none"> - 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

Accounting & Auditing Matters — Pronouncements Effective for FY2020



GASB Statement No. 92,
Omnibus 2020 paragraphs
11 and 13



GASB Statement No. 95,
*Postponement of the
Effective Dates of Certain
Authoritative Guidance*



GASB Statement No. 97,
*Certain Component Unit
Criteria, and Accounting And
Financial Reporting for IRC
Section 457 Deferred
Compensation Plans*
paragraphs 4 and 5

Accounting & Auditing Matters

Future Pronouncements



GASB Statement No. 84, *Fiduciary Activities*



GASB Statement No. 87, *Leases*



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



GASB Statement No. 91, *Conduit Debt Obligations*



GASB Statement No. 93, *Replacement of Interbank Offered Rates*



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



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

Questions?

Thank You!

bkd.com | [@bkdllp](https://twitter.com/bkdllp)

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