

PRESENTATION TO

AUDIT COMMITTEE



Agenda



Audit Results



Required Communications



Findings



Financial Trends



Industry News



Audit Results



Audit Results FY2019

REPORT	RESULTS
Financial Statement Opinion	Unmodified
Internal Control over Financial Reporting	No findings reported
Internal Control over Compliance	No findings reported
Compliance Opinion	Unmodified

Audit Areas Of Emphasis

AUDIT AREA	STEPS PERFORMED
All significant transaction cycles	Gained understanding of internal control design and operation
Cash and Investments	Confirmed material balances, reviewed outstanding checks/deposits, tested classifications, tested fair values
Debt	Confirmed year-end balances, tested covenants for compliance
Net Pension Liability & Other Postemployment Benefits Liabilities	Reviewed actuarial reports, analyzed discount rates, tested census data, verified required disclosures



Required Communications



REQUIRED COMMUNICATION

BKD'S RESPONSE

Significant Estimates

- AR Allowance
- Depreciable Lives
- Actuarial Assumptions Used in the Pension and OPEB Liabilities

Quality of Accounting Principles

- Significant Accounting Policies
- Alternative Accounting Treatments

Financial Statement Disclosures

- Defined Benefit Pension Plans
- Other Postemployment Benefit Plans
- Loss Contingencies

Auditor's Judgments About the Quality of Client's Accounting Policies

- None



Findings



Findings Reported in FY2019



- Material Weakness – *None Identified*
- Significant Deficiency – *None Identified*
- Control Deficiency – *None Identified*
- Other Noncompliance – *None Identified*

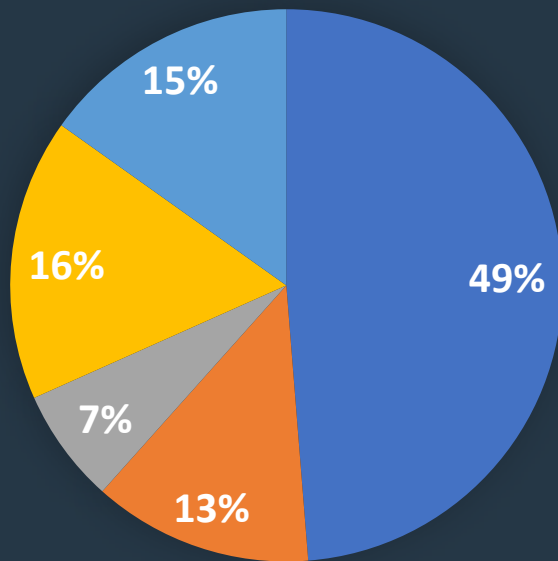


Financial Trends



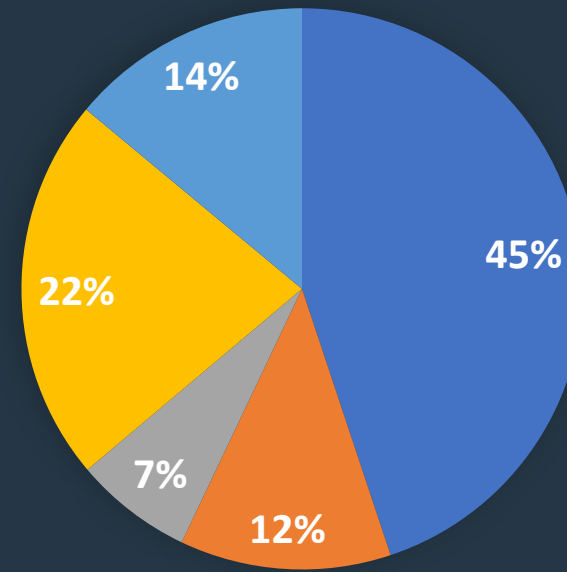
Governmental Activities - Revenues by Source

FY2019 - \$239M



■ Property Tax ■ Sales Tax ■ Franchise Tax
■ Grants ■ Other

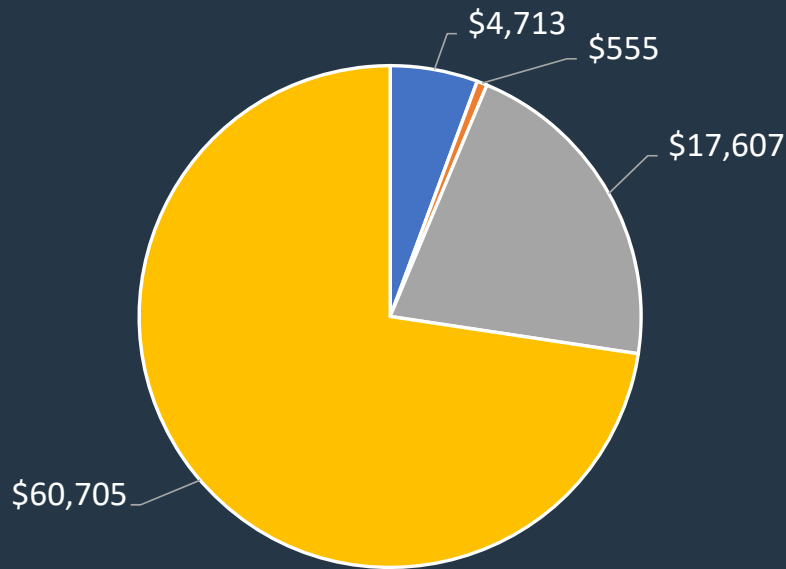
FY2018 - \$239M



■ Property Tax ■ Sales Tax ■ Franchise Tax
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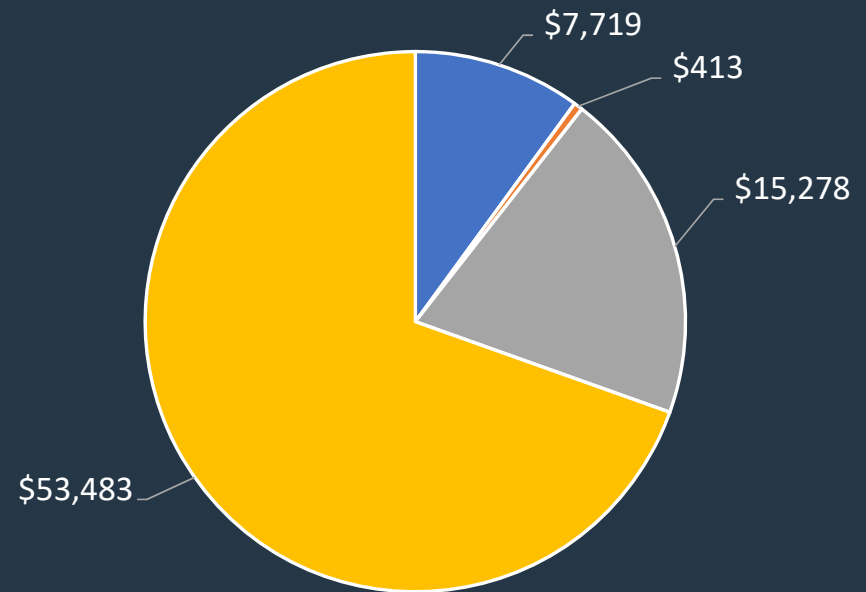
General Fund Balance

FY2019 - \$84M



■ Nonspendable ■ Restricted ■ Assigned ■ Unassigned

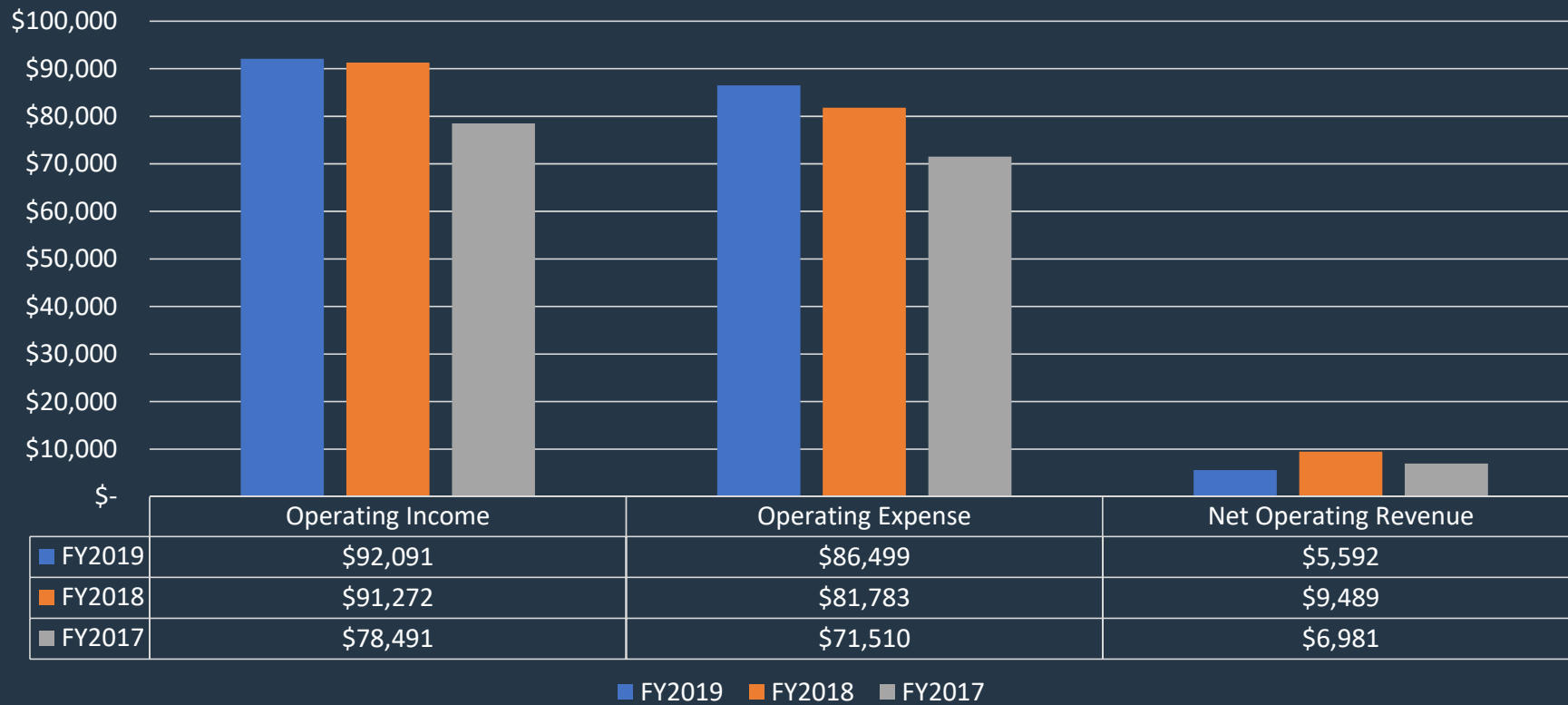
FY2018 - \$77M



■ Nonspendable ■ Restricted ■ Assigned ■ Unassigned

Water and Wastewater Comparison

(in thousands)





Financial Comparisons




Pension Funded Status – FY2019 (in thousands)

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Percentage Funded
Plano	\$1,066,286	\$913,351	\$152,935	93%
Frisco	\$273,967	\$219,231	\$54,736	80%
McKinney	\$299,675	\$242,913	\$56,762	81%
Allen	\$213,242	\$175,019	\$38,223	82%

General Obligation Bond Rating

	S&P - FY2019	S&P - FY2018	S&P - FY2017	Moody's - FY2019	Moody's - FY2018	Moody's - FY2017
Plano	AAA	AAA	AA+	Aaa	Aaa	Aaa
Frisco	AAA	AA+	AA+	Aaa	Aaa	Aa1
McKinney	AAA	AAA	AAA	Aaa	Aaa	Aaa
Allen	AAA	AAA	AAA	Aaa	Aaa	Aaa



Future Accounting Changes and Industry News



Future Accounting Changes

- GASB Statement No. 84, *Fiduciary Activities*
 - Effective for the City's fiscal year ended September 30, 2020
- GASB Statement No. 87, *Leases*
 - Effective for the City's fiscal year ended September 30, 2021

Significant Matter Affecting Local Governments

- 23 Texas Cities Attacked by Ransomware
 - <https://www.texastribune.org/2019/08/19/twenty-three-Texas-cities-targeted-in-coordinated-ransomware-attack/>
- Senate Bill 2 passes requiring voter approval before levying a 3.5% increase in property taxes
- Senate Bill 1125 passes banning cities from charging telecommunications companies a right-of-way fee.



Questions?

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BKD Thoughtware®

“Professionalism is predominantly an attitude, not a set of competencies. A real professional is a technician who cares”

- David Maister,
True Professionalism