

Presentation to

Town of Fairview

Council Meeting | April 6, 2021



Overview

- ▶ Introduction
- ▶ Audit Process
- ▶ Audit Results and Communications
- ▶ Financial Highlights
- ▶ Questions



A hand is holding a white rectangular card in the center of the frame. The card has the word "INTRODUCTIONS" written on it in a bold, black, sans-serif font. The background is a solid, bright yellow color. The hand is positioned at the bottom of the card, with the thumb and index finger visible, holding the card from underneath.

INTRODUCTIONS

Engagement Leadership



John DeBurro, CPA | Partner, Assurance Services

- ▶ Audit engagement partner
- ▶ 22 years of experience
- ▶ Practice emphasis in auditing cities, school districts, and nonprofit agencies

Claire Wootton, CPA | Senior Manager, Assurance Services

- ▶ Audit manager
- ▶ 10 years of experience
- ▶ Practice emphasis in auditing cities, school districts and nonprofit agencies

THERE WHEN YOU NEED US.

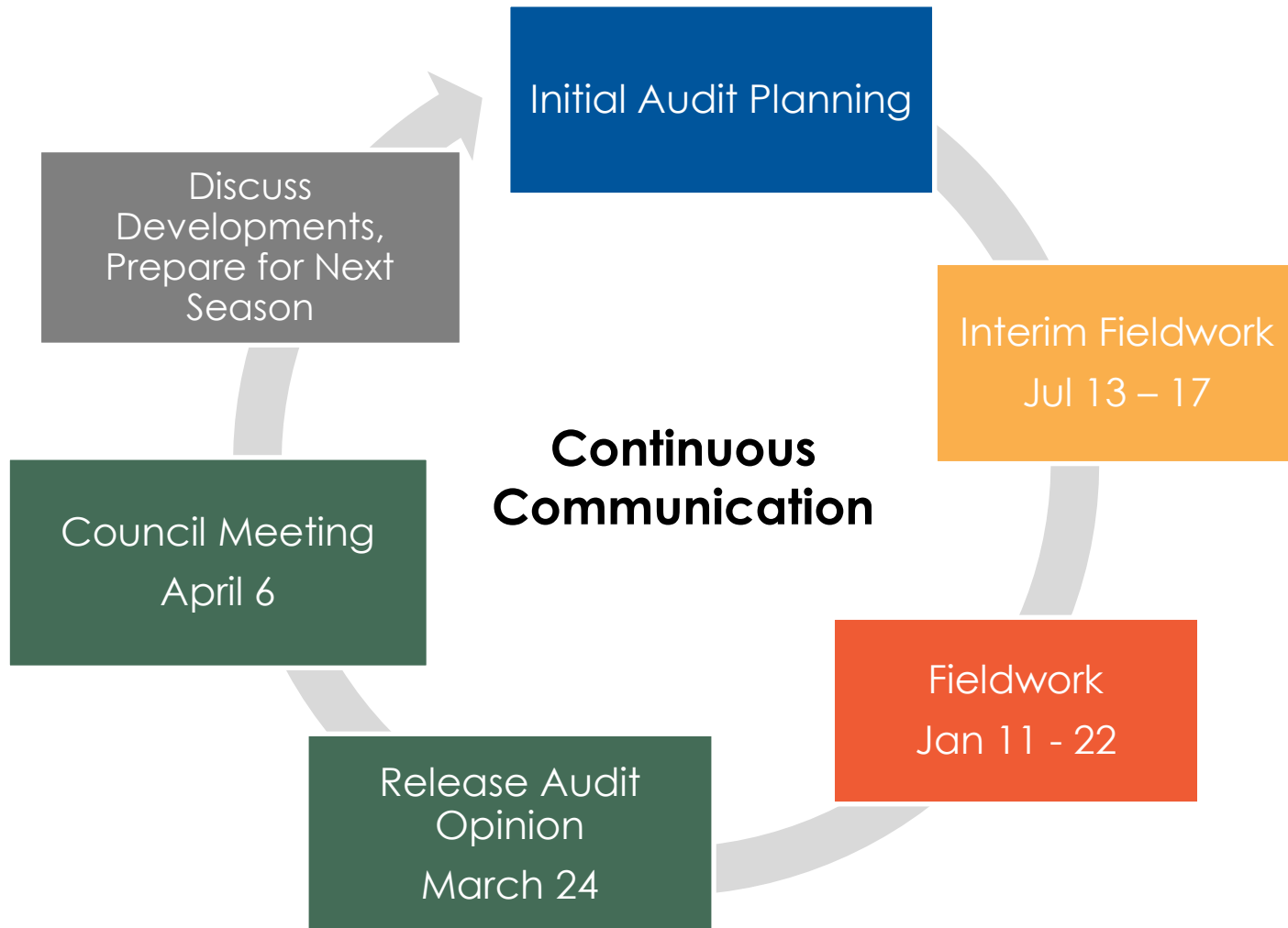
Remember: Weaver is your auditor all year; we are always available to answer routine questions.



The image features four interlocking puzzle pieces arranged in a 2x2 grid. The top-left piece is yellow, the top-right is cyan, the bottom-left is red, and the bottom-right is lime green. The pieces are 3D-rendered with soft shadows on a white background. The text 'AUDIT PROCESS' is centered on the lime green piece.

AUDIT PROCESS

The Audit Cycle



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 awards in accordance with the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)



Compliance — Performed tests of the Town's compliance with certain provisions of laws, regulations, contracts and grant agreements, including items such as compliance with the Public Funds Investment Act.

Audit Process

▶ **Risk-based approach** focused on specific risks:

- » Cash
- » Long-term debt
- » Capital projects, purchasing, and compliance with bidding procedures
- » Payables, accrued liabilities, and expenditures
- » Enterprise fund receivables and revenues

▶ **Walkthroughs of accounting controls** over significant transaction cycles:

- » Cash disbursements – including credit cards
- » Payroll
- » Cash receipts – including grants, utilities
- » Financial close/reporting



Audit Process

- ▶ **Tested internal controls** over financial reporting
 - » Cash Disbursements
 - » Payroll
- ▶ **Substantive testing of account balances** using a combination of vouching of material transactions, sampling, and analytical procedures.
- ▶ **Preparation of the financial statements.** Management accepts responsibility for the financial statements, exercises appropriate oversight over the financial reporting process.





AUDIT RESULTS AND COMMUNICATIONS

Audit Results:

FINANCIAL STATEMENTS

Type of Report Issued:	UNMODIFIED
Internal control over financial reporting:	
Any material weakness(es) identified?	NO
Any significant deficiencies that are not material weaknesses?	NONE REPORTED
Any noted noncompliance material to financial statements?	NO

Audit Results:

FEDERAL AWARDS

Type of Report Issued, Compliance for Major Programs:	UNMODIFIED
Type of Auditee:	HIGH RISK
Internal control over major programs:	
Any material weakness(es) identified?	NO
Any significant deficiencies that are not material weaknesses?	NONE REPORTED
Any audit findings required to be reported under 2 CFR 200.516(a)?	NO

➤ **Major Program: Coronavirus Relief Fund (21.019)**

Required Communications



Communication

Auditor's responsibility under generally accepted auditing standards (GAAS)

Description

The financial statements are the responsibility of the Town. Our audit was designed in accordance with GAAS in the U.S. and provides for reasonable rather than absolute assurance that the financial statements are free of material misstatement. Our responsibility is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

The audit of the fiscal year 2020 financial statements has been completed and we have issued an **unmodified opinion**.

Required Communications



Communication

Auditor's responsibility under Government Auditing Standards

Description

In addition to the GAAS responsibilities, we are required to issue a written report on our consideration of internal controls and identify significant deficiencies, including material weaknesses, if any. Our report does not provide assurance on internal controls. We design our audit to provide reasonable assurance of detecting material misstatements resulting from noncompliance with provisions of contracts or grant agreements that have a direct or material effect on the financial statements. We issued a written report on the results of these procedures; however, our report does not express an opinion on compliance.

No findings noted.

Required Communications

Communication	Description
Auditor Responsibility under Uniform Guidance	<p>Our testing includes the major federal programs. We report on such testing, and disclose significant deficiencies in internal control over compliance, including material weaknesses we identify, if any. Our report does not provide assurance on internal control over compliance. We perform procedures for the purpose of expressing an opinion on whether major federal financial assistance programs have been administered in compliance with applicable laws and regulations.</p> <p>The audit of the fiscal year 2020 major federal financial assistance programs has been completed and we have issued an unmodified opinion.</p>

Required Communications



Communication

Unusual transactions and the adoption of new accounting principles

Results

The significant accounting policies used by the Town are described in Note 1 to the financial statements.

The only pronouncement implemented in 2020 was GASB Statement No. 95, which extended the effective date of upcoming statements for some by 12 months and another by 18 months. Primary objective of this statement was to provide temporary relief to governments in light of the COVID-19 pandemic.

We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus.

Required Communications



Communication	Results
Difficulties encountered	No difficulties or disagreements arose during the course of our audit.
Management representations	We requested certain representations from management that were included in the management representation letter dated March 24, 2021.
Auditor independence	No independence issues noted.
Other information contained in documents containing audited financial statements	We performed limited procedures on the Management's Discussion and Analysis (MD&A) and Required Supplementary Information (RSI). We did not provide any assurance on this information.
Management judgments and accounting estimates	Management's estimates of uncollectible receivables, net pension and total OPEB liabilities and useful lives of capital assets were evaluated and determined to be reasonable in relation to the financial statements as a whole.

Required Communications



Communication	Results
Audit adjustments and Passed adjustments	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.</p> <p>All audit adjustments were identified and communicated to management, and were corrected in FY20.</p> <p>In addition, there were no uncorrected misstatements identified as a result of our audit procedures.</p>
Other material written communications between Weaver and Tidwell, L.L.P., and the Town	Nothing to note

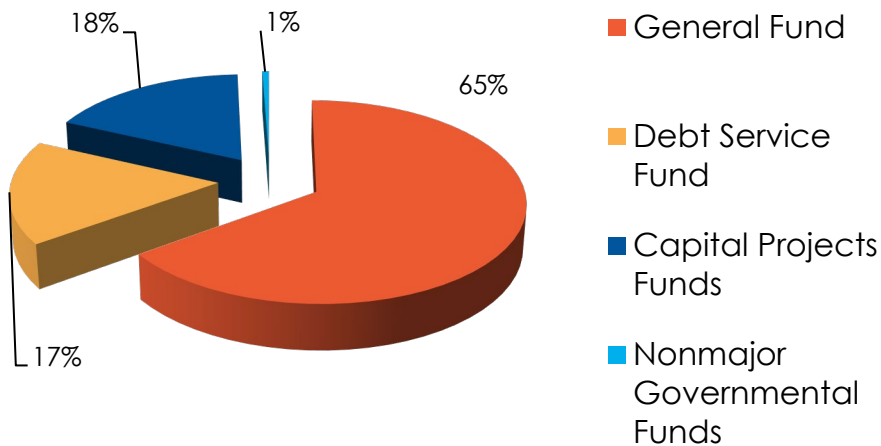
FINANCIAL HIGHLIGHTS



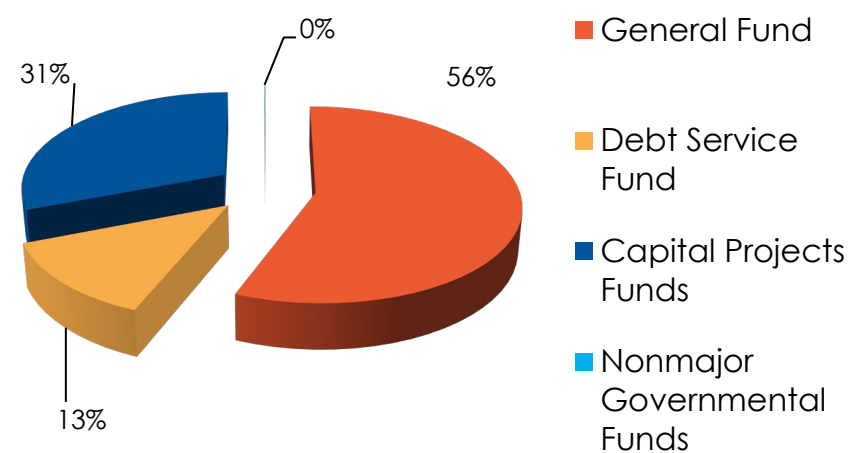
Financial Highlights

Comparison of Governmental Funds Expenditures by Fund (in millions of dollars)

FY 2020



FY 2019

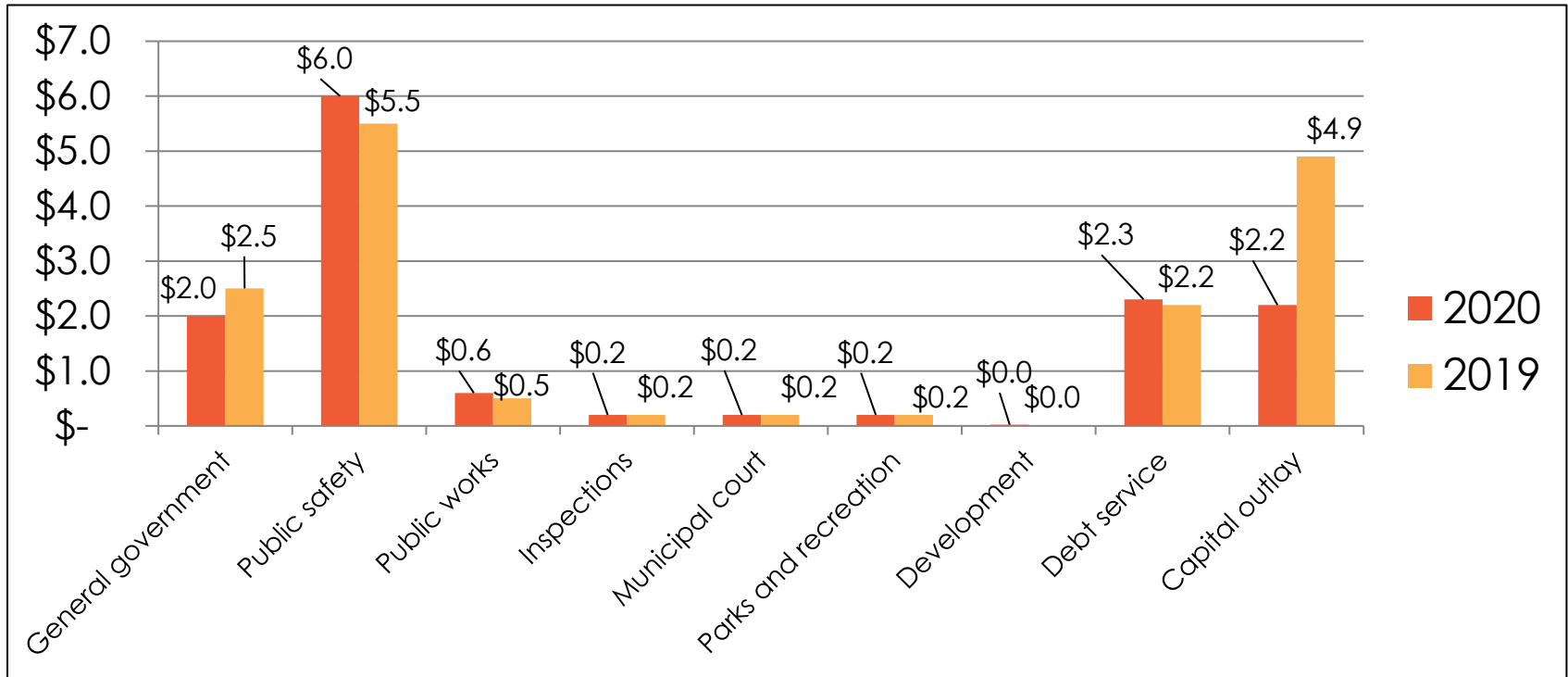


Governmental Funds Expenditures for FY 2020 totaled \$13.7 million, a \$2.5 million or 15% decrease

- Capital Outlay decreased \$2.7 million due to two completed capital projects in FY20 (Sloan Creek Trail and East Stacy Road).

Financial Highlights

Comparison of Governmental Funds Expenditures



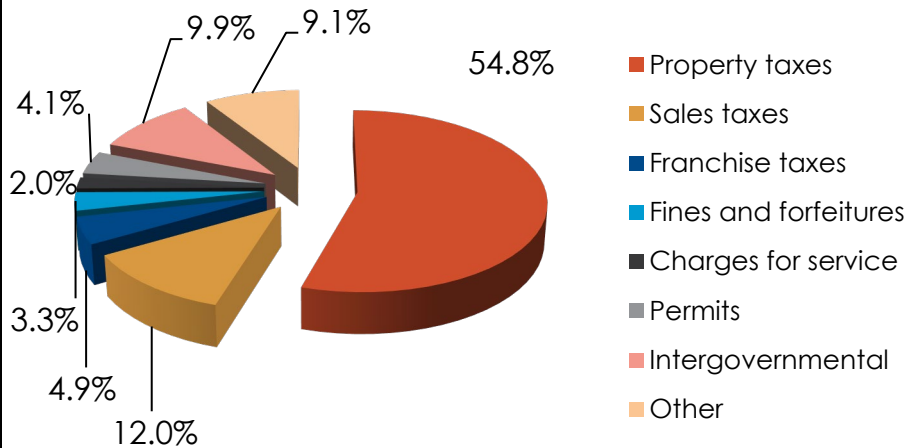
(2-year comparison – current year and prior year – in millions)

Financial Highlights

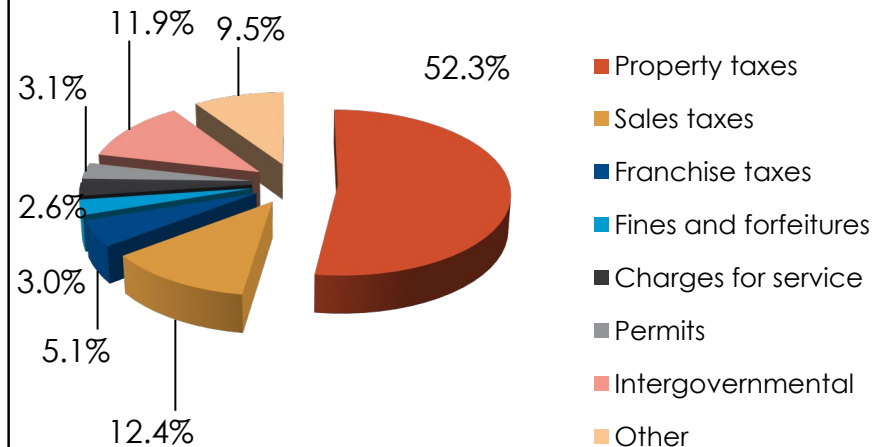
Comparison of Governmental Revenues by Source

Governmental Revenues for FY 2020 totaled \$13.0 million, a \$353 thousand or 3% decrease. Decrease is primarily attributable to the net effect of an increase in Property Tax revenue (\$132 thousand), decrease of Sales Tax revenue (\$104 thousand) and decrease of Intergovernmental revenue (\$301 thousand).

FY 2020 Revenues

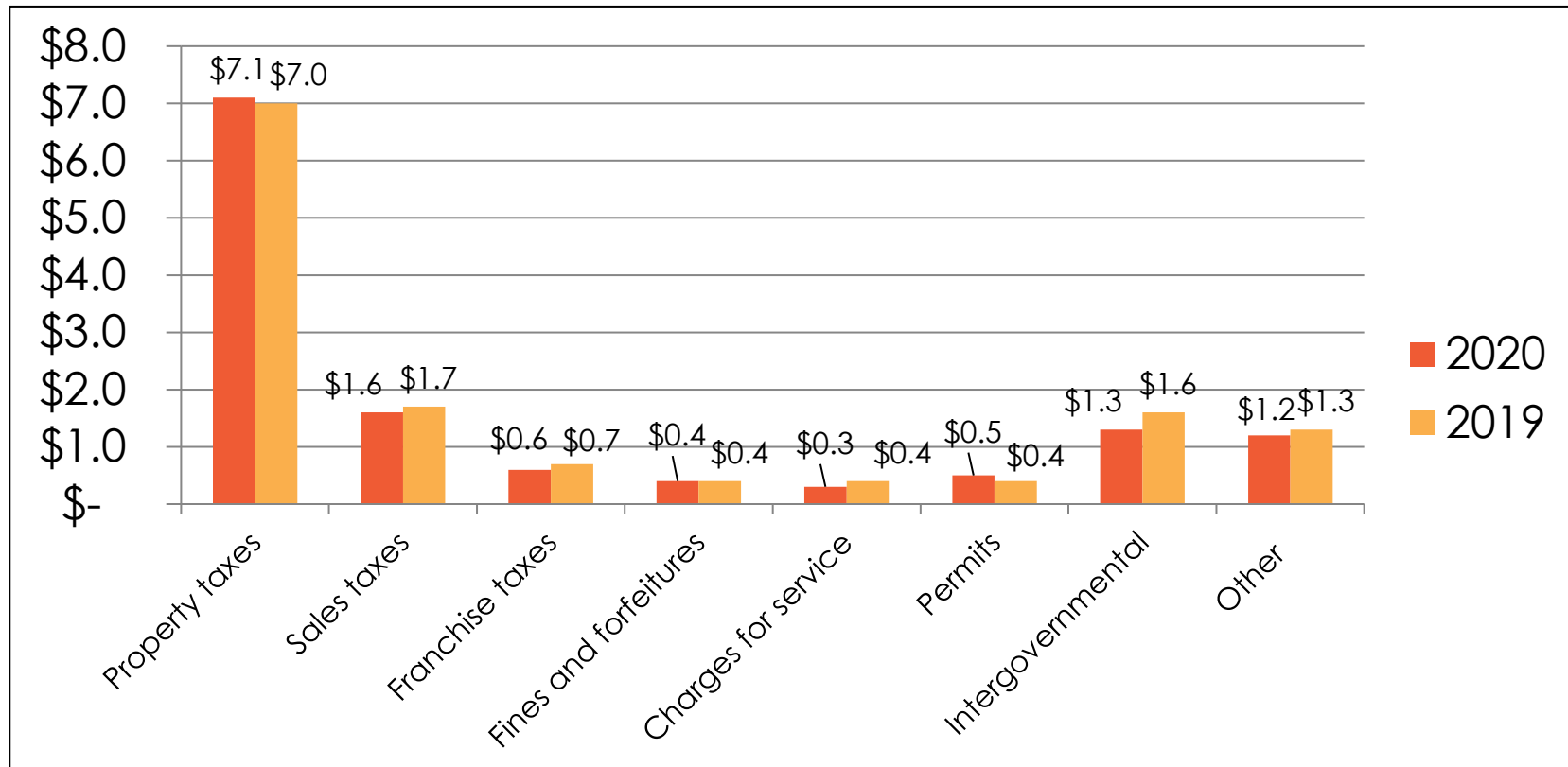


FY 2019 Revenues



Financial Highlights

Comparison of Governmental Revenues by Source



(2-year comparison – current year and prior year – in millions)

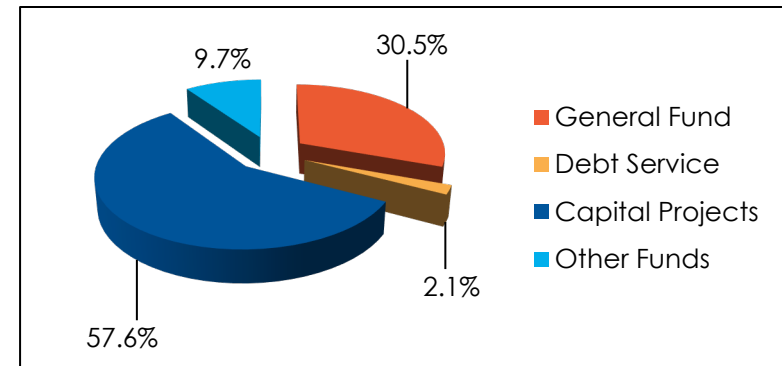
Financial Highlights

Fund Balances

Governmental Funds' Fund Balances

As of September 30, 2020, the Town's governmental funds reported a combined ending fund balance of \$18.0 million as follows:

• General Fund	\$5,988,017
• Debt Service	379,502
• Capital Projects	10,384,652
• Other Funds	<u>1,265,338</u>
	\$18,017,509



- Overall, fund balance of the Governmental Funds increased by \$7.6 million.
- The \$5.9 million fund balance in General Fund includes items like an ambulance and other equipment, purchased in Oct 2020 with CARES Act funds.
- Fund balance in the Capital Projects Fund increased by \$6.4 million during fiscal year 2020. This increase was primarily due to \$7.6 million proceeds from sale of Improvement bonds (Series 2020).
- Nonmajor funds increased \$432 thousand (52% increase) due to continued property tax revenue from the TIRZ, in addition to intergovernmental revenue received from Collin County for the CARES Act in FY20.

Financial Highlights

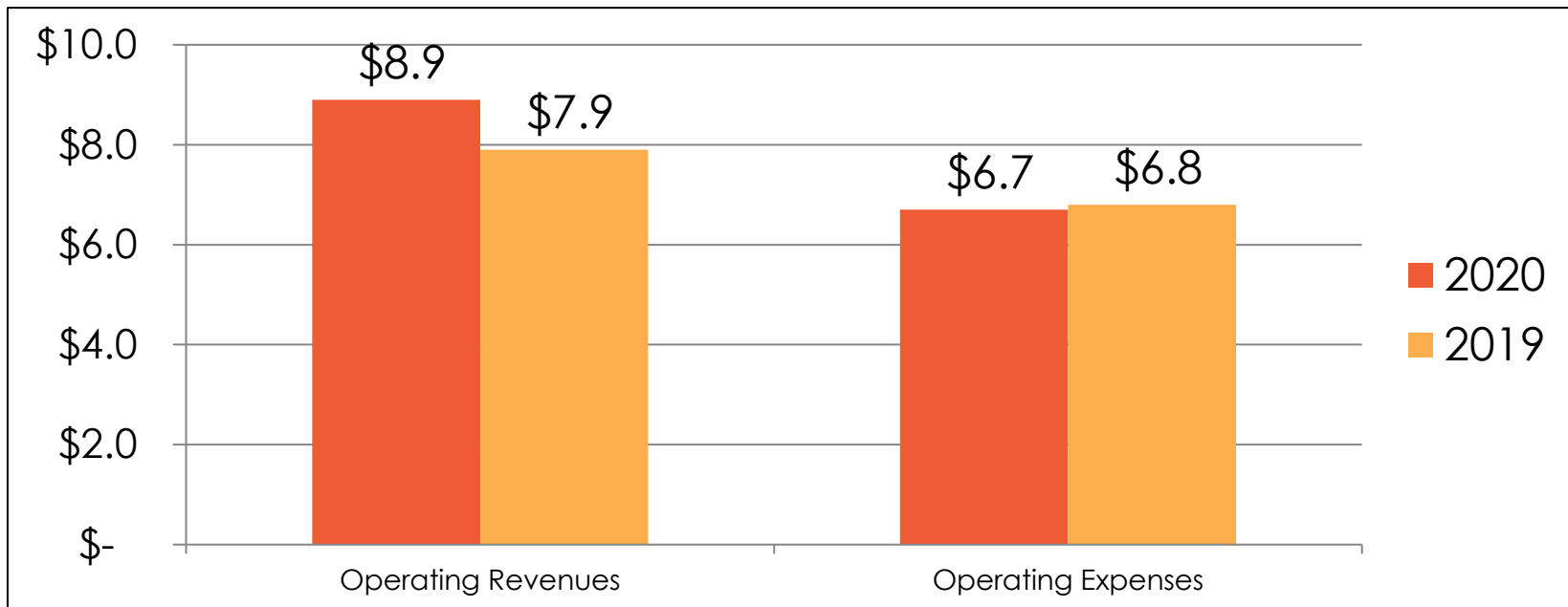
Budgetary Highlights – General Fund

The Town had a favorable budget variance of \$990K (net change in fund balance):

- Actual revenues were \$923K more than budgeted.
 - Sales Taxes was \$237K above budget
 - Permits was \$69K above budget
 - Fines and forfeitures were \$16K above budget
 - Intergovernmental was \$585K above budget
- Actual expenditures were \$67K less than budgeted.
 - General Government was \$50K below budget
 - Public Safety was \$13K above budget
 - Public Works was \$27K below budget

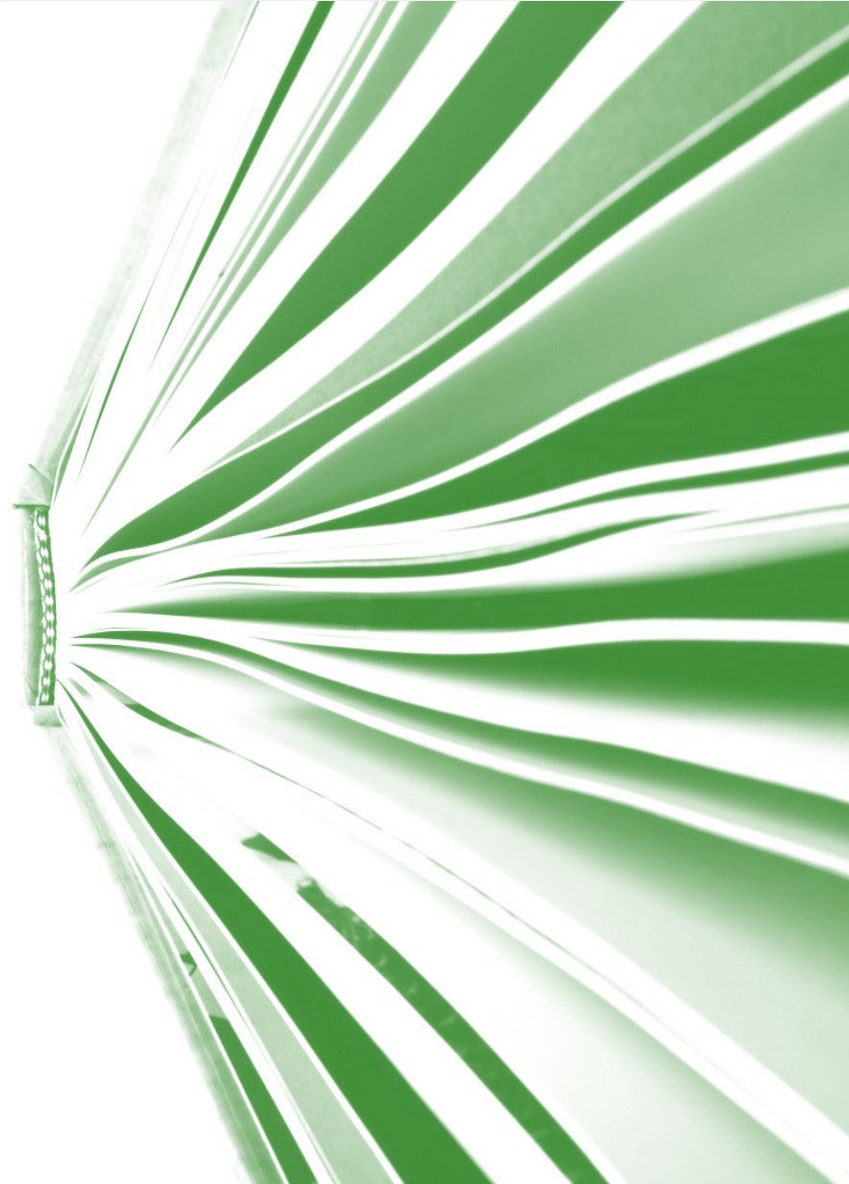
Financial Highlights

Comparison of Enterprise Funds Operating Revenues and Expenses – FY 2020 and the prior year (in millions)



- Enterprise funds' net position increased by \$1.4 million during FY20.
- Operating revenues increased \$1.0 million primarily due to a 23% increase in consumption of water, which caused a \$835 thousand increase in Water Revenue. Operating expenses decreased \$52K due to a decrease in repairs and maintenance cost, combined with an increase in personnel costs.

We appreciate the
opportunity to work with
Town of Fairview
and look forward to our
continued relationship.



DISCUSSION

Contact Us



John DeBurro

Partner, Assurance Services

Direct: (972) 448.6970

Email: john.deburro@weaver.com

Claire Wootton

Senior Manager, Assurance Services

Direct: (972) 448.6934

Email: claire.wootton@weaver.com

