

Presentation to

Town of Fairview

Council Meeting | April 5, 2022



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

Claire Wootton, CPA | Senior Manager, Assurance Services

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

THERE WHEN YOU NEED US.

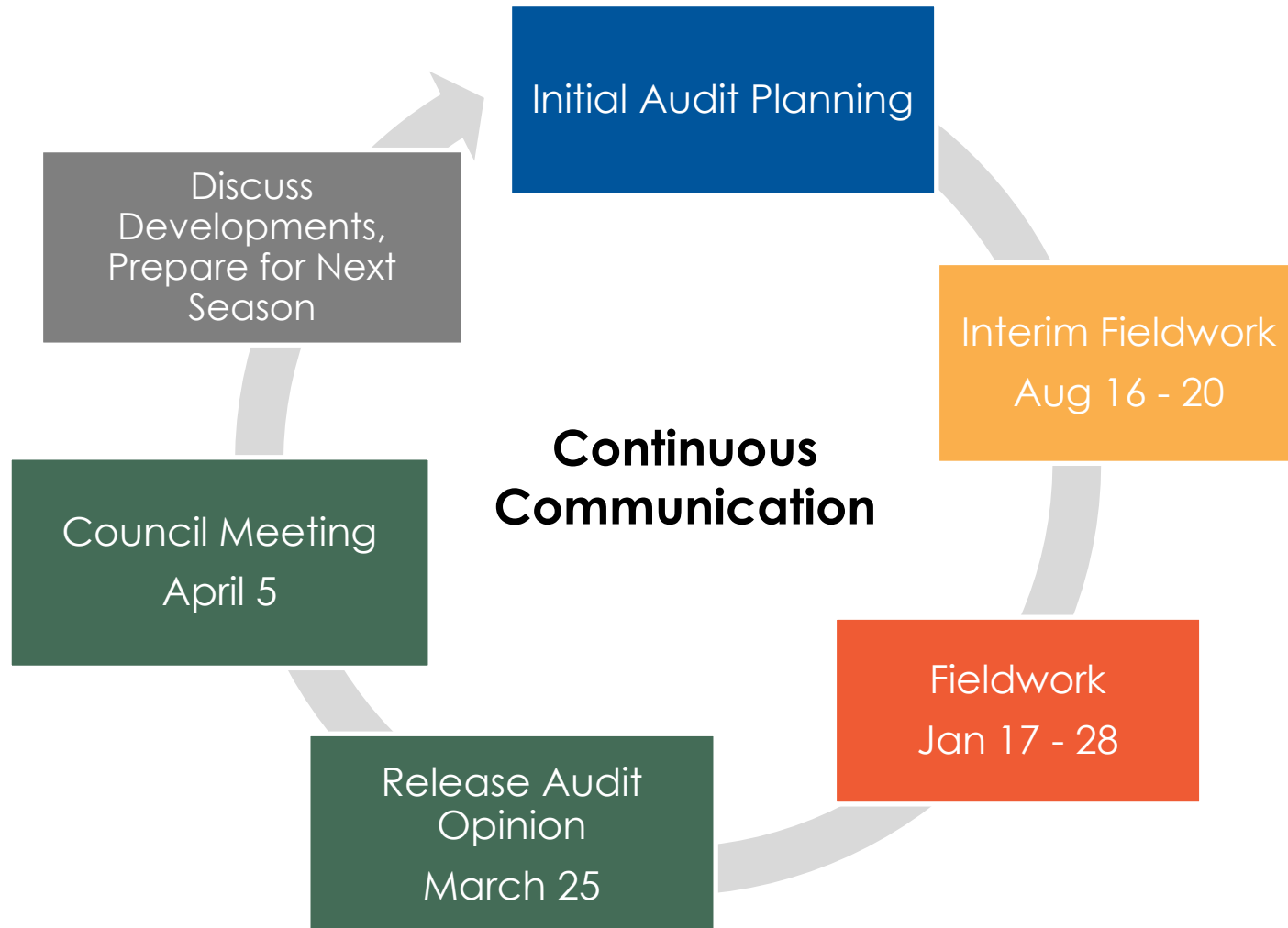
Remember: Weaver is your auditor all year; we are always available to answer routine questions.



The image features four interlocking puzzle pieces arranged in a 2x2 square. 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 printed in bold black capital letters 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)



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.

(No Federal Single Audit needed in FY21)

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

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 2021 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

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. In addition, the Town implemented four new GASB statements in FY2021, none of which had a significant effect on the financial statements.

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 25, 2022.
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



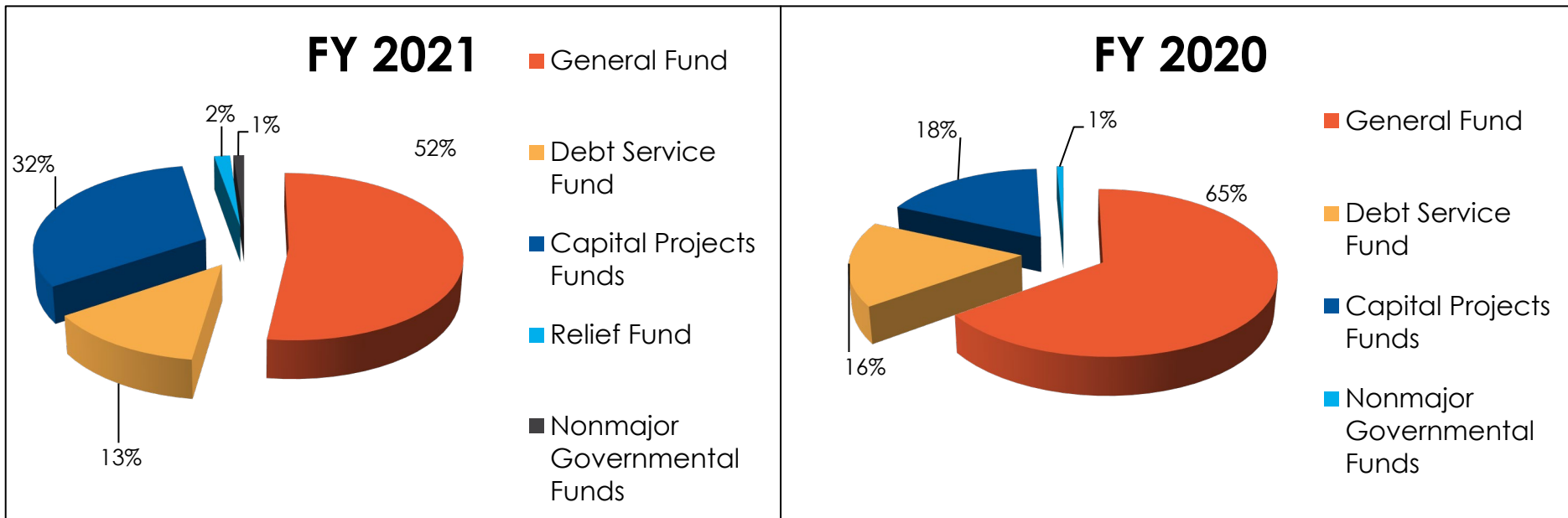
Communication	Results
Audit adjustments and Passed adjustments	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.</p> <p>All audit adjustments were identified and communicated to management, and were corrected in FY21.</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)

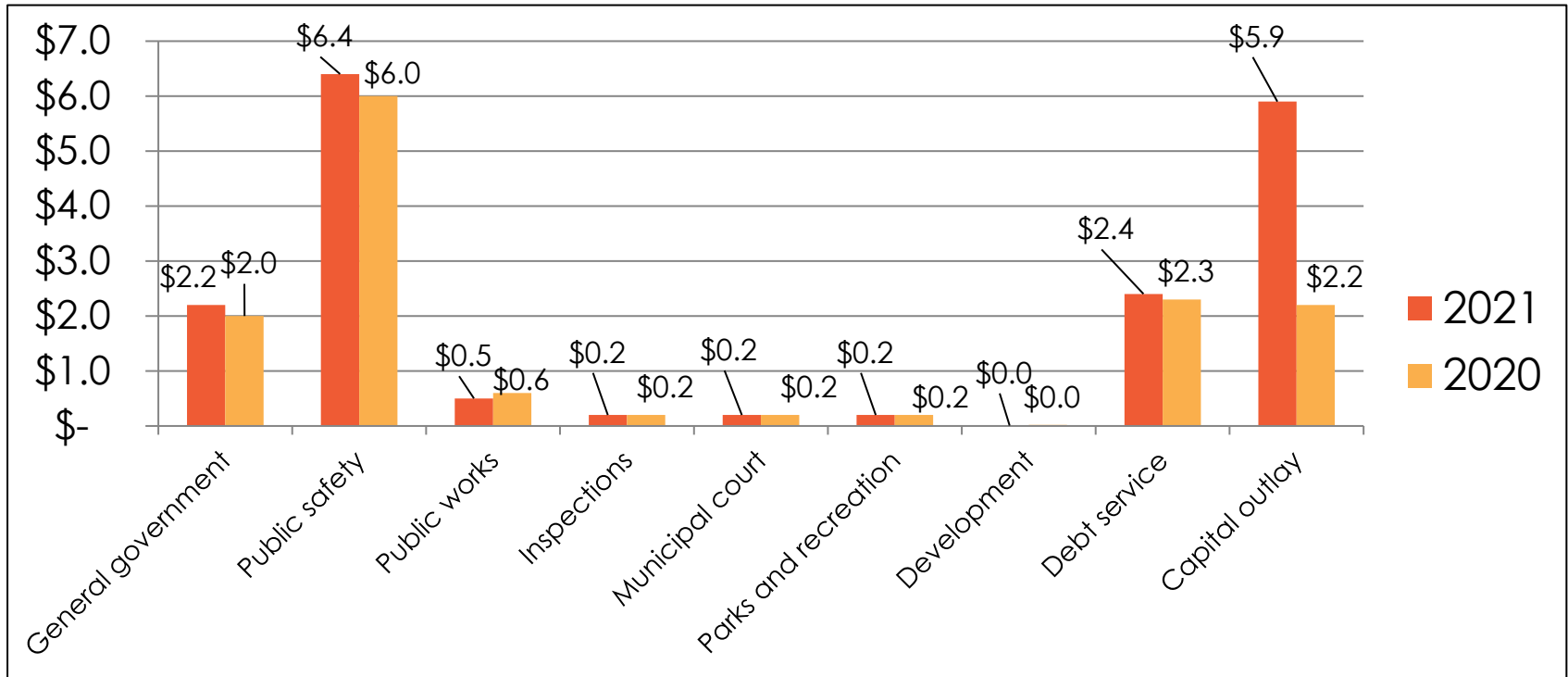


Governmental Funds Expenditures for FY 2021 totaled \$18.0 million, a \$4.3 million or 31% increase

- Capital Outlay increased \$3.7 million due to substantial work on Fire Station # 1, as well as an ambulance purchased in FY21 (ordered in FY20, was received and paid for in FY21).

Financial Highlights

Comparison of Governmental Funds Expenditures



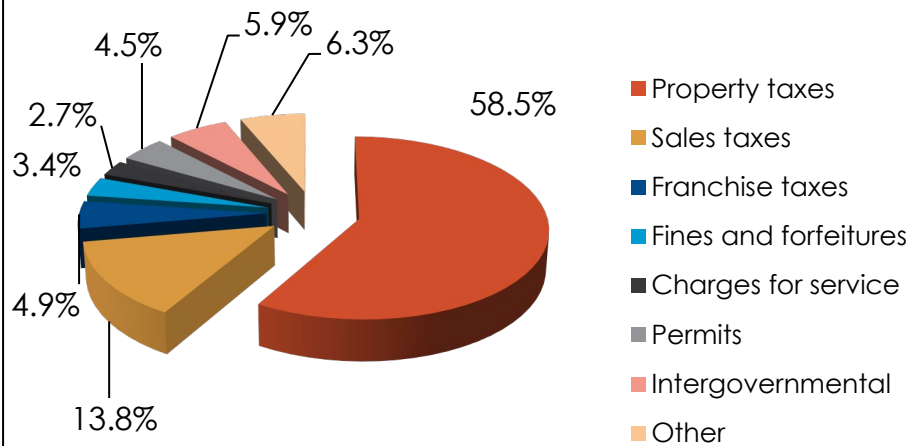
(2-year comparison – current year and prior year – in millions)

Financial Highlights

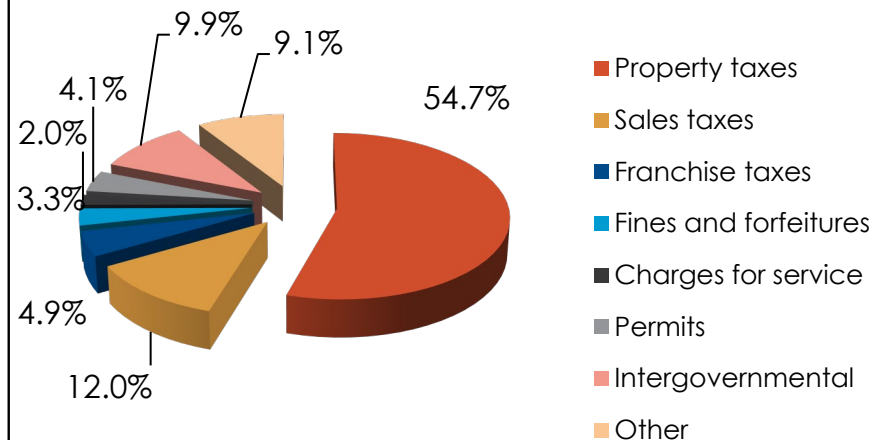
Comparison of Governmental Revenues by Source

Governmental Revenues for FY 2021 totaled \$12.6 million, a \$475 thousand or 3% decrease. Decrease is primarily attributable to the net effect of an increase in Property Tax revenue (\$215 thousand), increase of Sales Tax revenue (\$175 thousand), decrease of Intergovernmental revenue (\$559 thousand), and decrease of Park fees (\$392 thousand).

FY 2021 Revenues

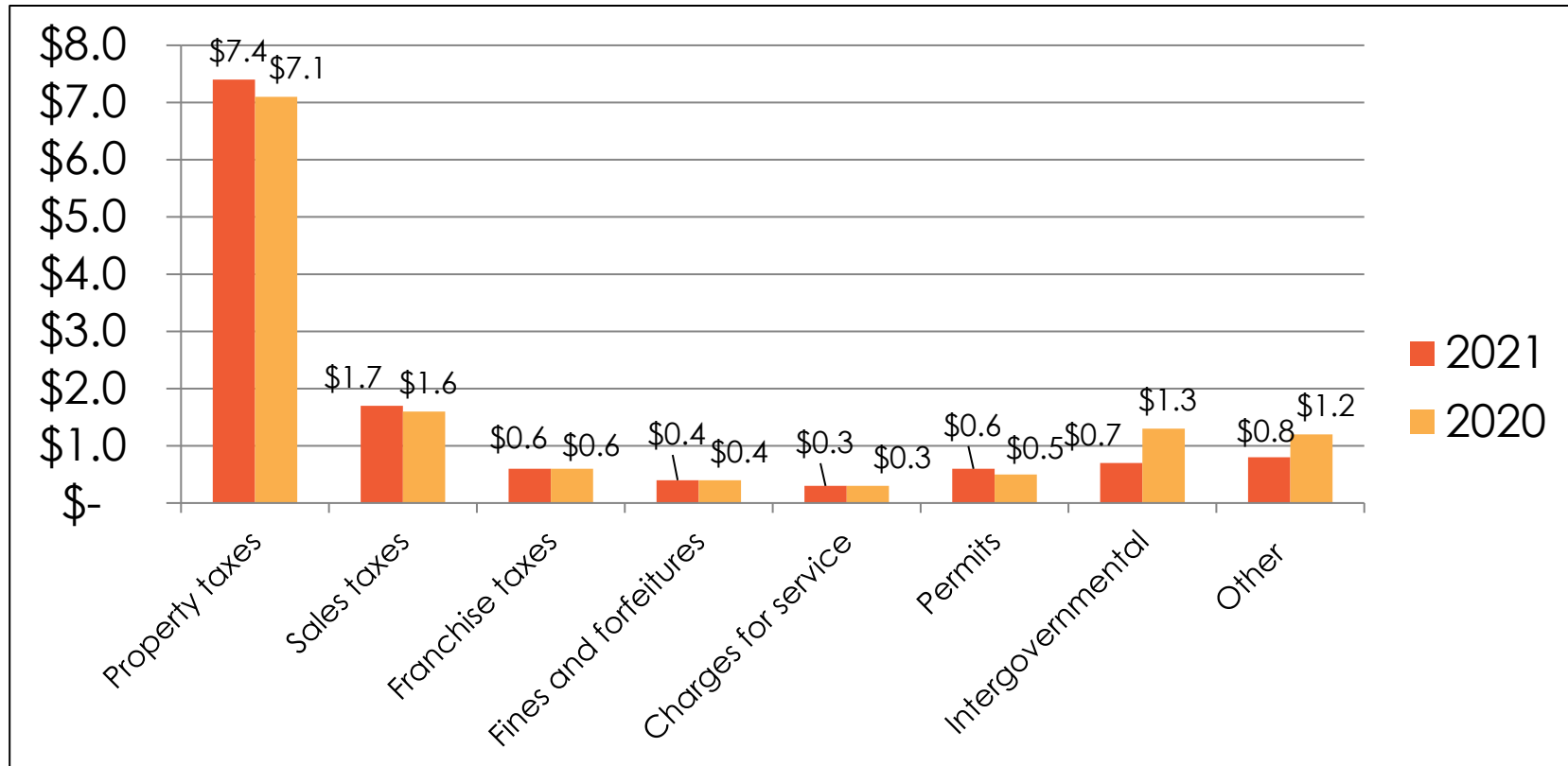


FY 2020 Revenues



Financial Highlights

Comparison of Governmental Revenues by Source



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

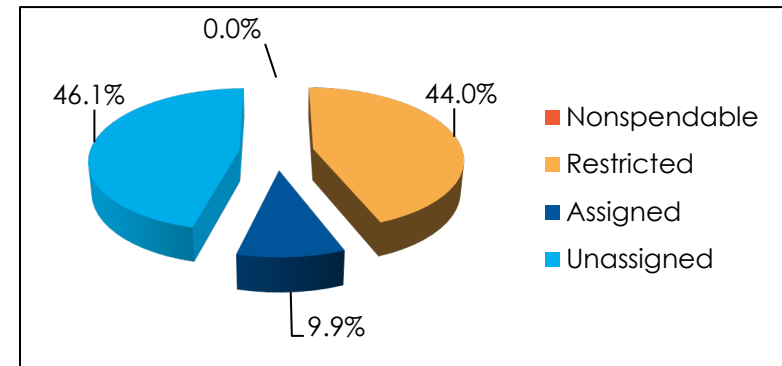
Financial Highlights

Fund Balances

Governmental Funds' Fund Balances

As of September 30, 2021, the Town's governmental funds reported a combined ending fund balance of \$13.1 million as follows:

• General Fund	\$6,143,976
• Debt Service	386,681
• Capital Projects	5,037,167
• Relief Fund	(7,497)
• Other Funds	<u>1,558,180</u>
	\$13,118,507



- Overall, fund balance of the Governmental Funds decreased by \$4.9 million.
- Fund balance in the Capital Projects Fund decreased by \$5.3 million during fiscal year 2021. This decrease was primarily due to capital outlay on the Fire Station #1 project.
- Relief Fund received a transfer in from the General Fund which was used to purchase the ambulance. Other significant Relief Fund activity was \$1.1 million of ARPA funding that was received in FY21, but is recorded as Unearned Revenue.
- Nonmajor funds increased \$293 thousand (23% increase) due to continued property tax revenue from the TIRZ.

Financial Highlights

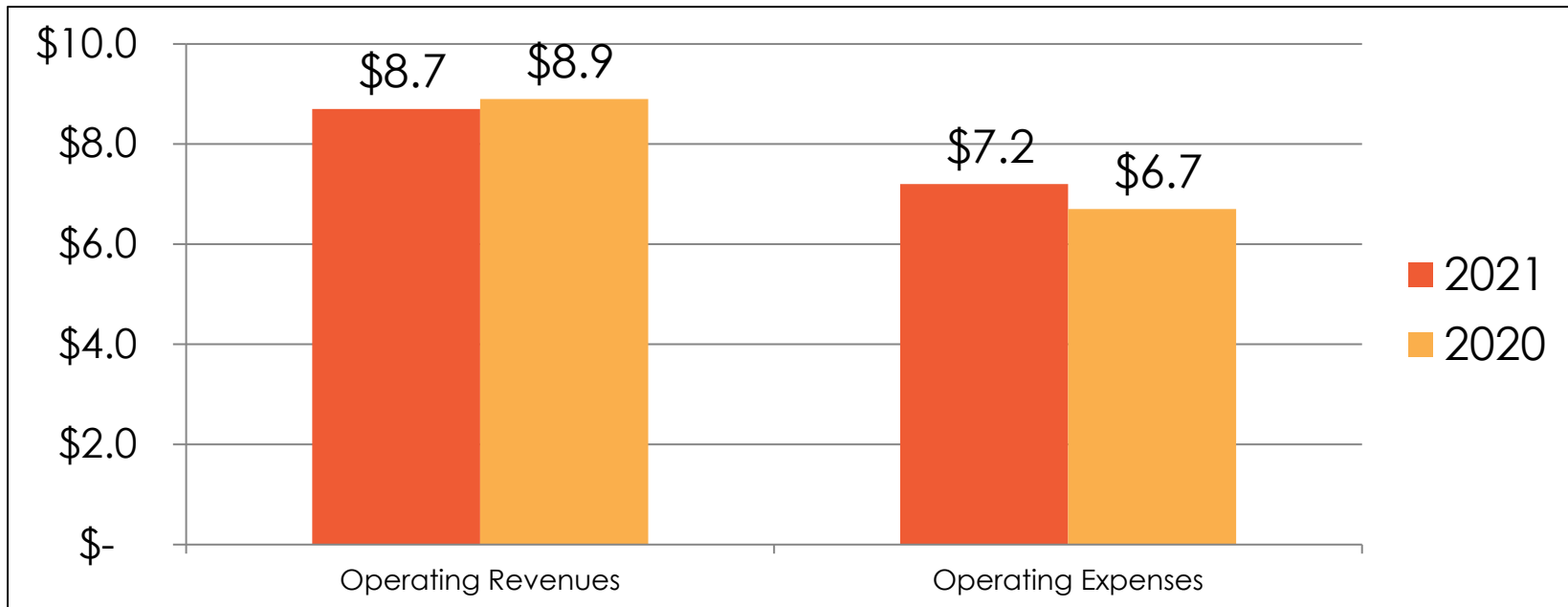
Budgetary Highlights – General Fund

The Town had a favorable budget variance of \$309K (net change in fund balance):

- Actual revenues were \$393K more than budgeted.
 - Sales Taxes was \$158K above budget
 - Charges for Services was \$55K above budget
 - Permits was \$59K above budget
- Actual expenditures were \$84K above budget.
 - General Government was \$48K above budget
 - Public Safety was \$52K above budget

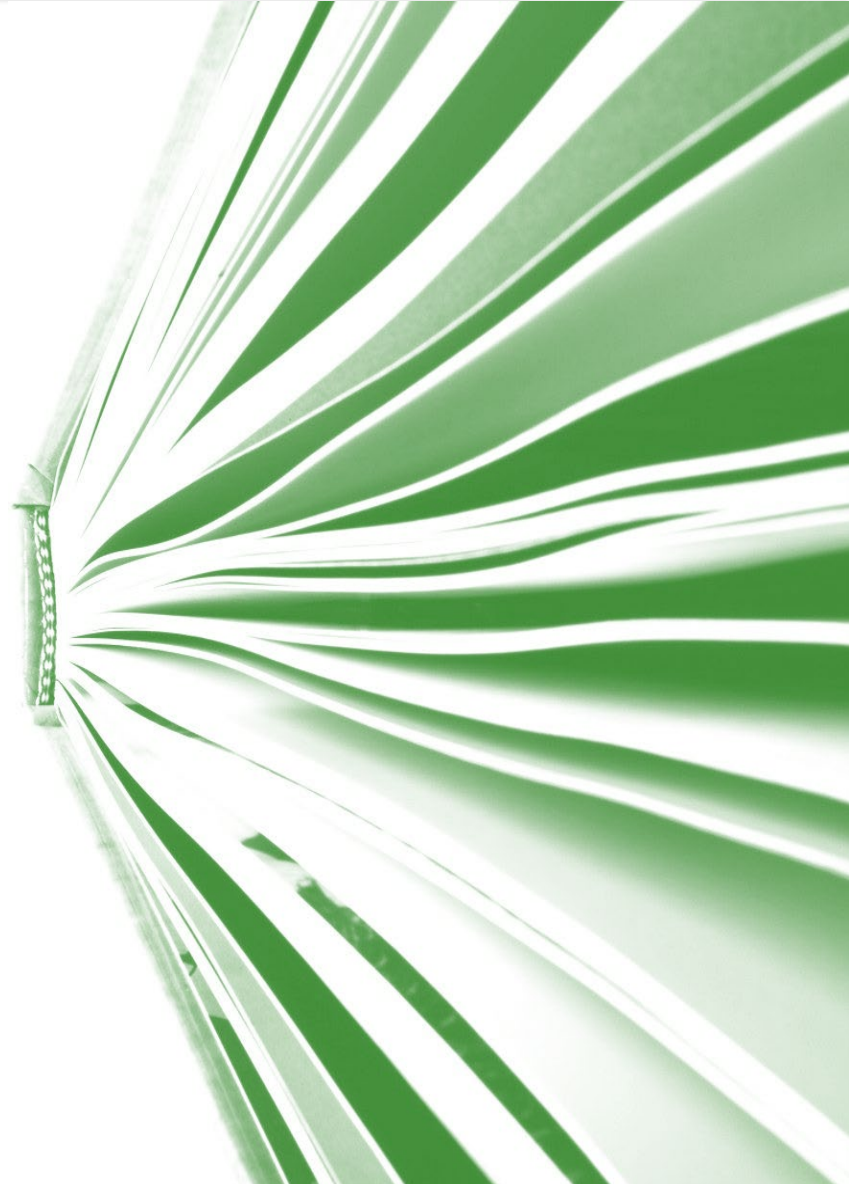
Financial Highlights

Comparison of Enterprise Funds Operating Revenues and Expenses – FY 2021 and the prior year (in millions)



- Enterprise funds' net position increased by \$567 thousand during FY21.
- Operating revenues decreased \$192 thousand primarily due to a 11% decrease in consumption of water, causing a revenue decrease of \$532k, combined with an increase in sewer usage, causing revenue to increase \$125k. Operating expenses increased \$414K mostly due to increases in depreciation expense.

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



DISCUSSION

Contact Us



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