

Presentation to

Town of Fairview

Council Meeting | April 2, 2024



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

Claire Wootton, CPA | Senior Manager, Assurance Services

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

THERE WHEN YOU NEED US.

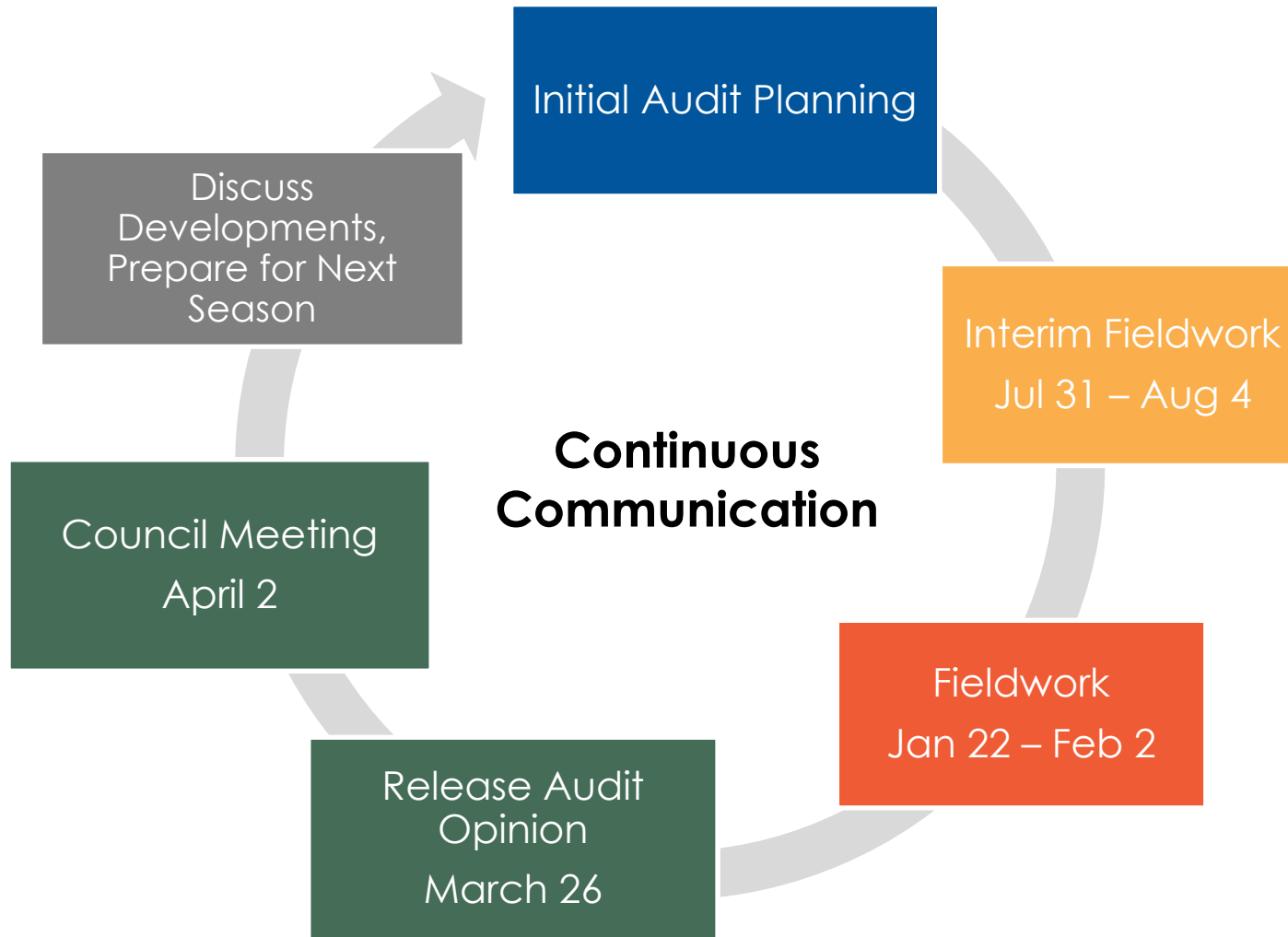
Remember: Weaver is your auditor all year; we are always available to answer routine questions.



The image features four interlocking puzzle pieces arranged in a cluster. The pieces are colored yellow, cyan, red, and lime green. The text 'AUDIT PROCESS' is overlaid 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.



Two sharpened pencils with grey erasers and wooden barrels are positioned diagonally on the left side of a solid yellow background. The pencils are pointing towards the top right.

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: Economic Development Cluster (11.307)**

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 2023 financial statements has been completed and we have issued an **unmodified opinion**.

Required Communications



Communication	Description
Auditor's responsibility under Government Auditing Standards	<p>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.</p> <p>No findings noted.</p>

Required Communications



Communication

Auditor Responsibility under Uniform Guidance

Description

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.

The audit of the fiscal year 2023 major federal financial assistance programs has been completed and we have issued an **unmodified opinion**.

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.

Standards required to be implemented in fiscal year 2023 included GASB 91, 94, 96 and 99 – which did not have a significant impact on the Town.

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 26, 2024.
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 and useful lives of capital assets were evaluated and determined to be reasonable in relation to the financial statements as a whole.

Required Communications



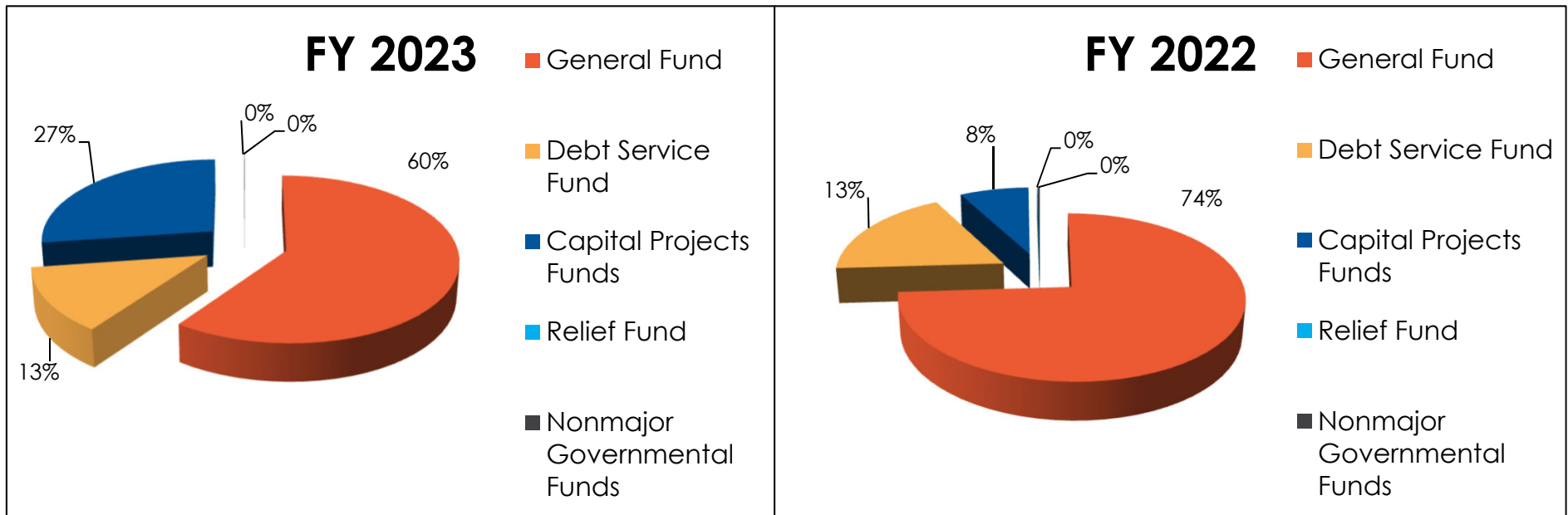
Communication	Results
Audit adjustments and Passed adjustments	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.</p> <p>Any audit adjustments were identified and communicated to management, and were corrected in FY23.</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)



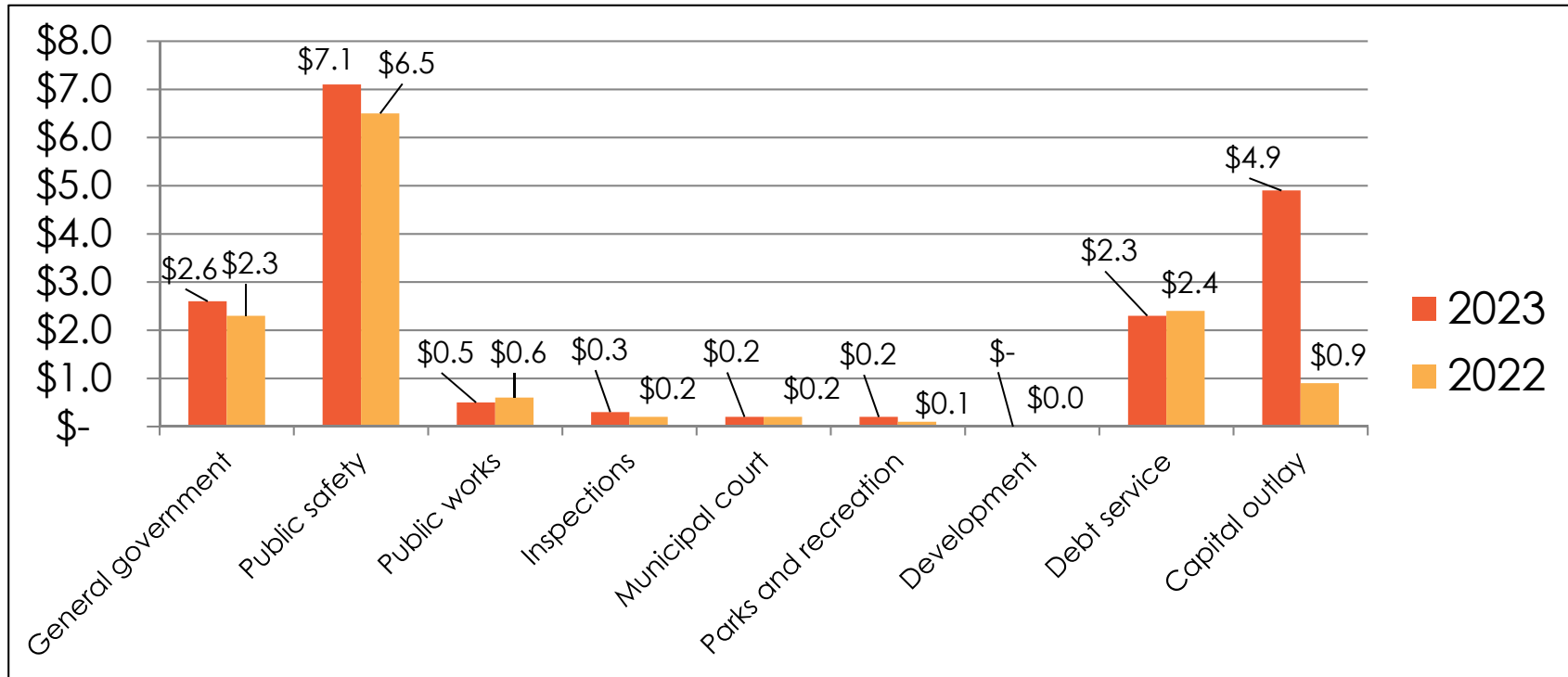
Governmental Funds Expenditures for FY 2023 totaled \$18.1 million, a \$4.8 million or 36% increase

- Public Safety increased \$600 thousand due to increase in personnel and operation costs.
- Capital Outlay increased \$4.0 million due to work beginning on the Frisco Road (Spur 399 to SH5).

Financial Highlights



Comparison of Governmental Funds Expenditures

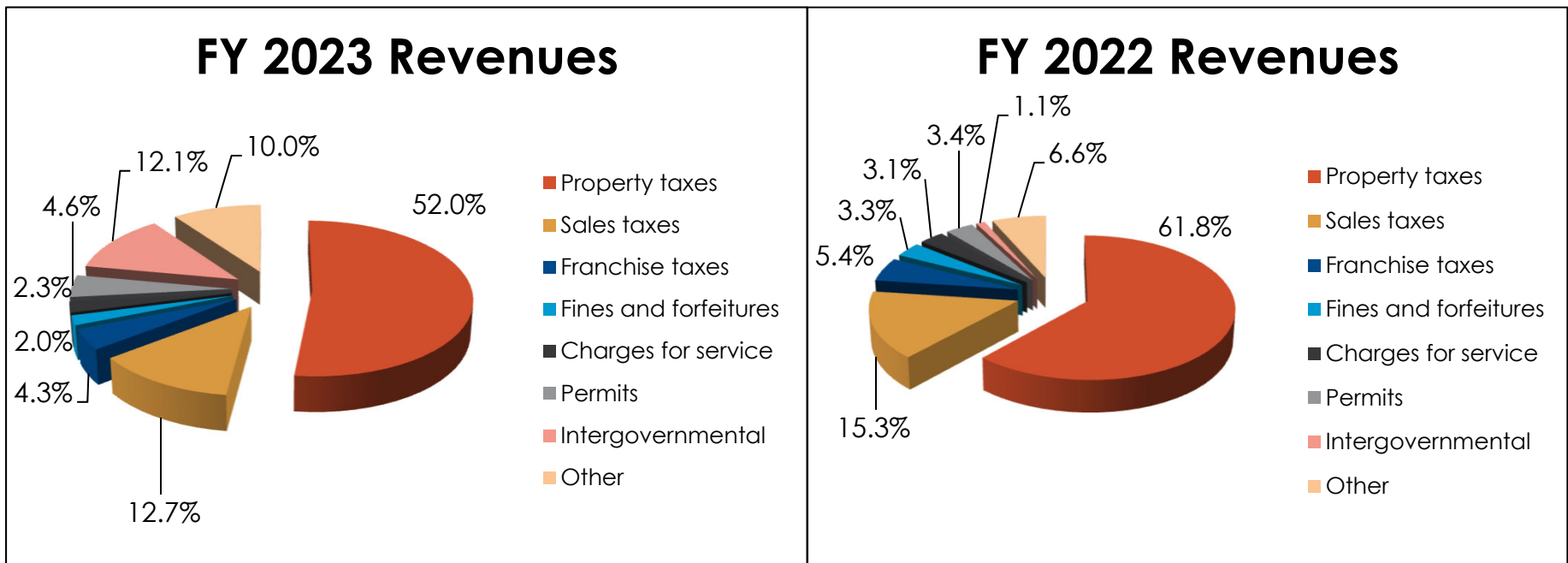


(2-year comparison – current year and prior year – in millions)

Financial Highlights

Comparison of Governmental Revenues by Source

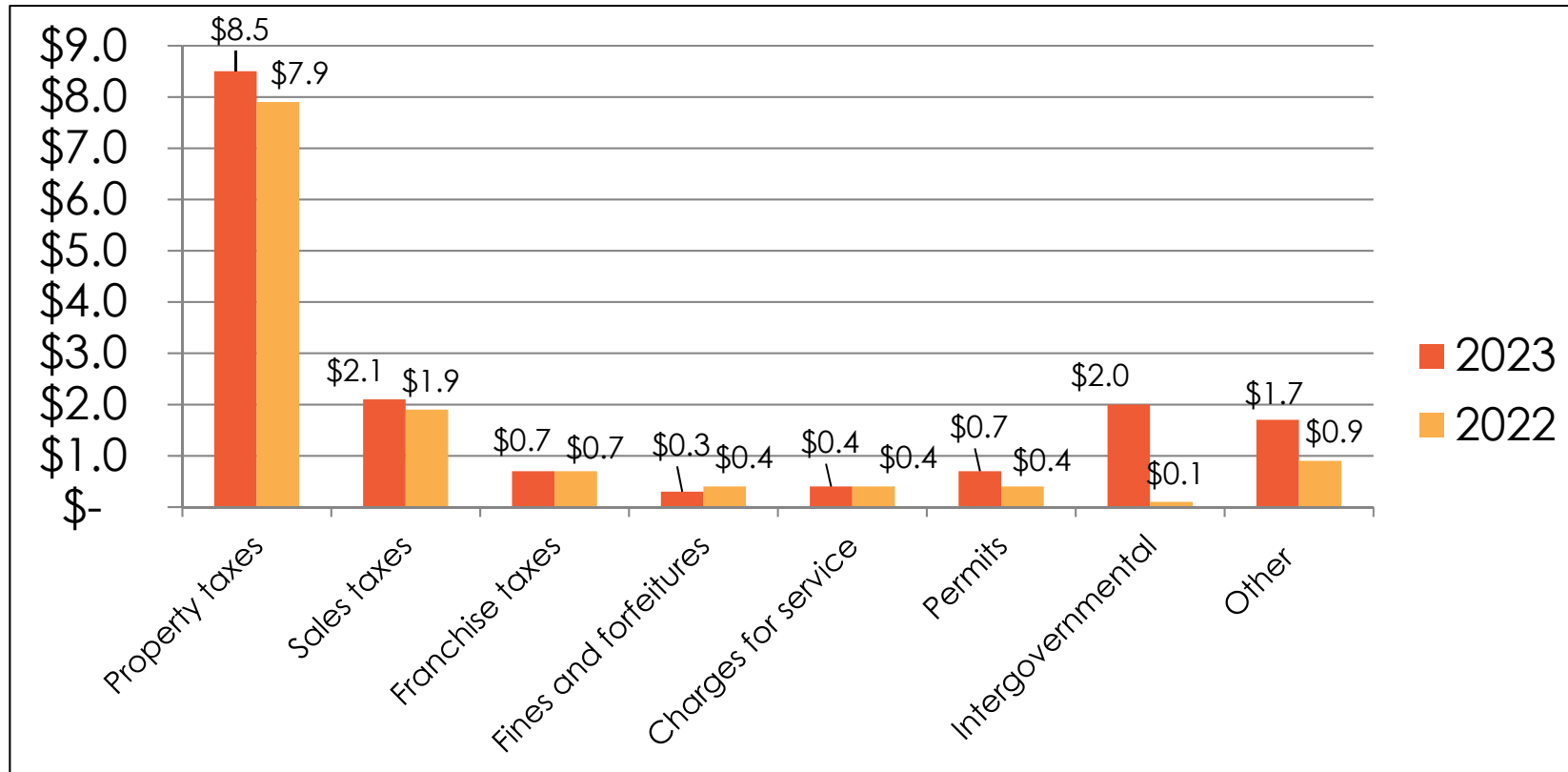
Governmental Revenues for FY 2023 totaled \$16.4 million, a \$3.7 million or 29% increase. Increase is primarily attributable to the increases in Property Tax revenue (\$659 thousand), Intergovernmental revenue (\$1.9 million), Interest income (\$570 thousand), and Permit revenue (\$323 thousand).



Financial Highlights



Comparison of Governmental Revenues by Source



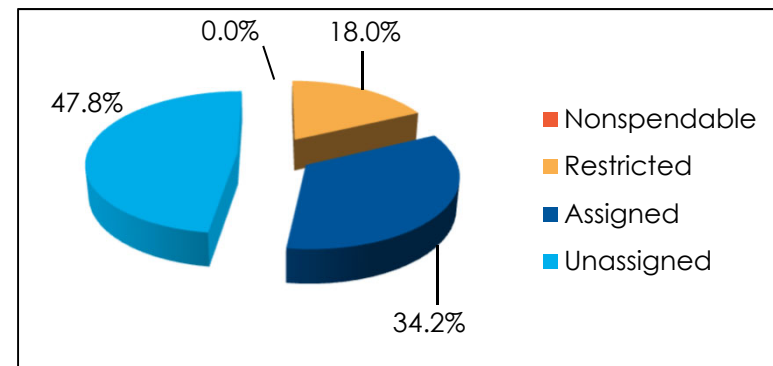
(2-year comparison – current year and prior year – in millions)

Financial Highlights

Fund Balances

Governmental Funds' Fund Balances

As of September 30, 2023, the Town's governmental funds reported a combined ending fund balance of \$12.9 million as follows:



Overall, fund balance of the Governmental Funds decreased by \$586 thousand.

- Fund balance in the General Fund increased by \$497 thousand. This is due to increased property tax and permit revenue, combined with increased operational costs.
- Capital Projects fund balance decreased \$881 thousand, due to cost of capital outlay of \$4.9M (Frisco Rd project) exceeding \$1.8M in intergovernmental revenue recognized (EDA and 50% McKinney contribution recognized), \$1.6M transfers in.

Financial Highlights



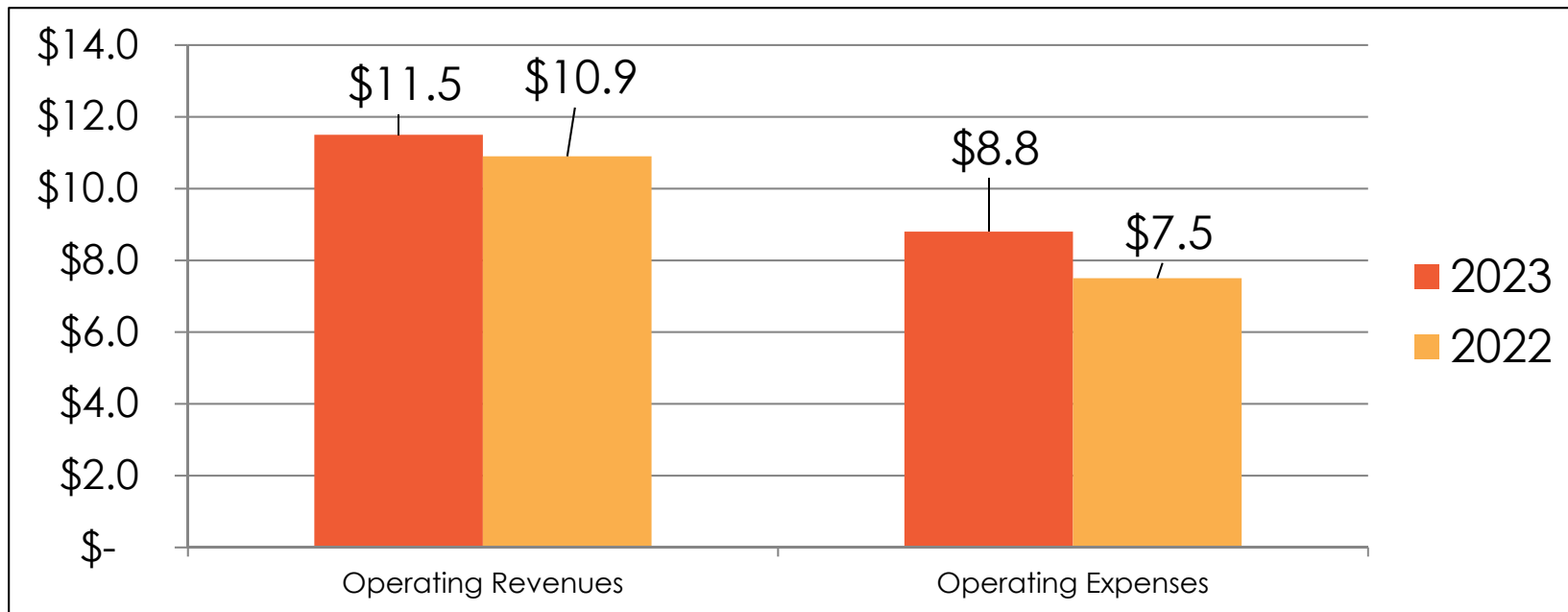
Budgetary Highlights – General Fund

The Town had a favorable budget variance of \$62K (net change in fund balance):

- Actual revenues were \$248K more than budgeted.
 - Property taxes was \$29K above budget
 - Permits was \$32K above budget
 - Investment income was \$187K above budget
- Actual expenditures were \$186K above budget.
 - General Government was \$25K above budget
 - Public Safety was \$138K above budget
 - Parks and recreation was \$32K above budget

Financial Highlights

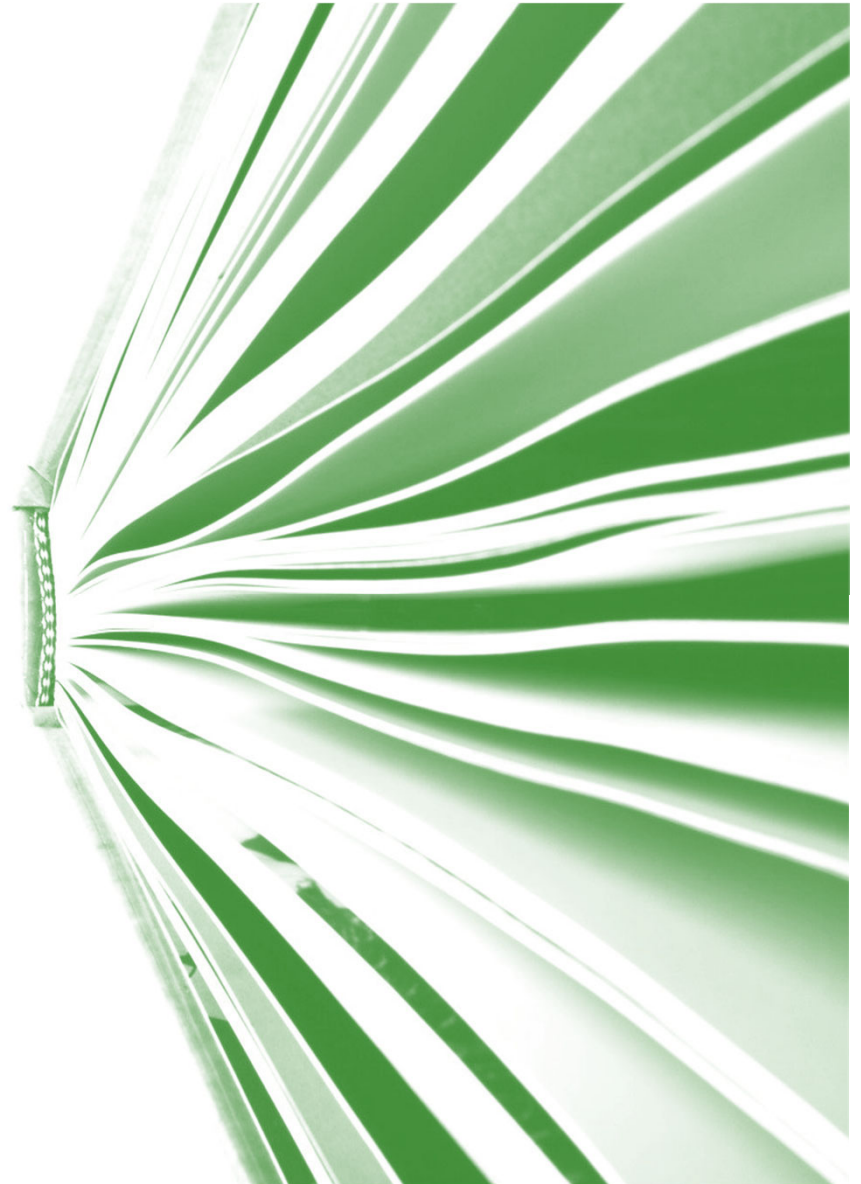
Comparison of Enterprise Funds Operating Revenues and Expenses – FY 2023 and the prior year (in millions)



Enterprise funds' net position increased by \$811 thousand during FY23.

- Operating revenues increased \$0.6 million primarily due to:
 - 5.3% increase in the consumption of water, increased revenue \$565k.
- Operating expenses increased \$1.3M mostly due to increases in water purchases, costs of water, repair and maintenance expenses, and increased personnel costs due to the implementation of an updated pay plan.

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



DISCUSSION

Contact Us



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