

Presentation to

Town of Fairview

Council Meeting | April 4, 2023



Overview

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



INTRODUCTIONS



Engagement Leadership



John DeBurro, CPA | Partner, Assurance Services

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

Claire Wootton, CPA | Senior Manager, Assurance Services

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

THERE WHEN YOU NEED US.

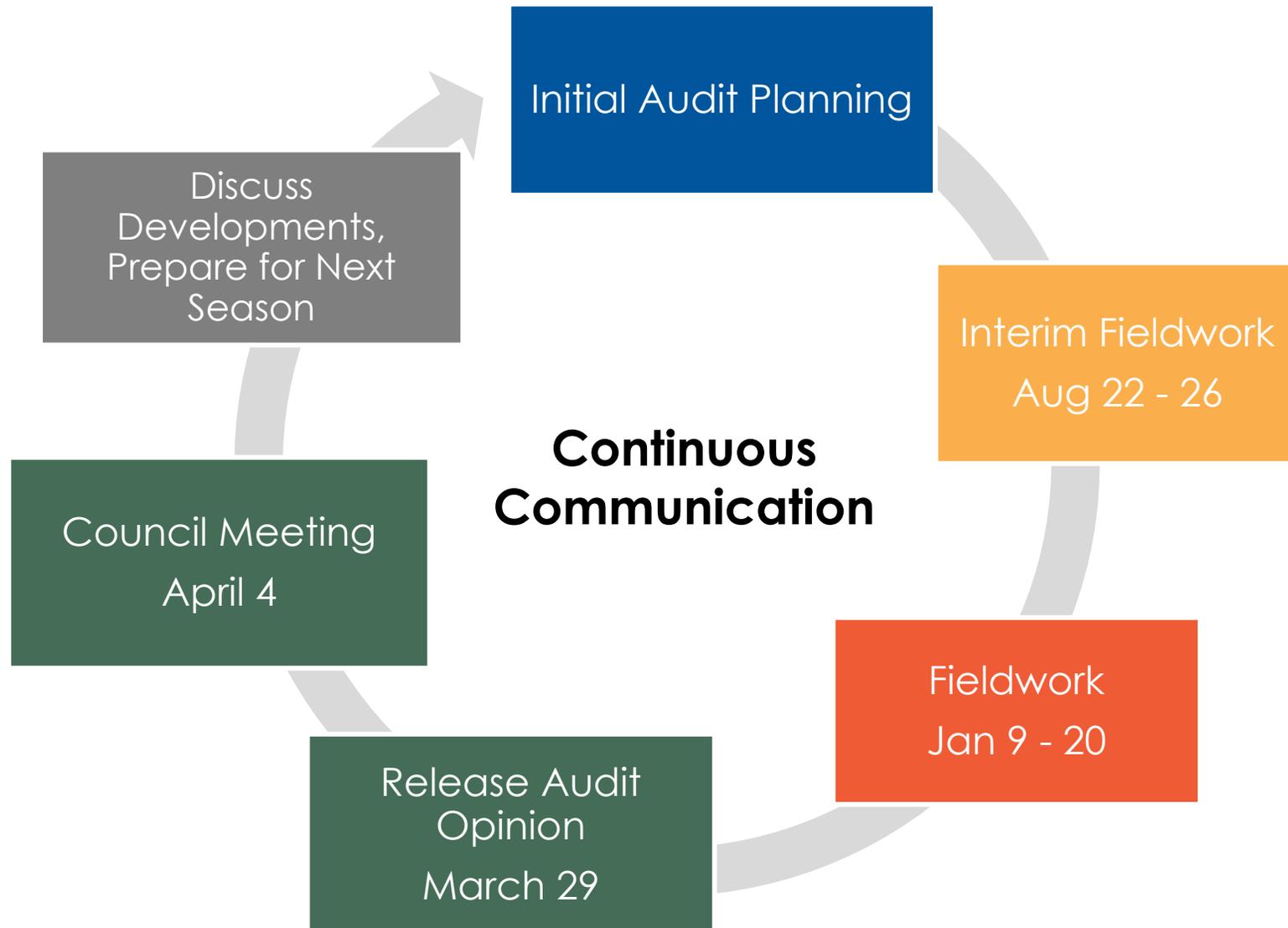
Remember: Weaver is your auditor all year; we are always available to answer routine questions.



The image features four interlocking puzzle pieces arranged in a cluster on a white background. The pieces are colored red, yellow, cyan, and lime green. The text 'AUDIT PROCESS' is overlaid on the lime green piece in a bold, black, sans-serif font.

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 FY22)

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	Description
<p>Auditor's responsibility under generally accepted auditing standards (GAAS)</p>	<p>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.</p> <p>The audit of the fiscal year 2022 financial statements has been completed and we have issued an unmodified opinion.</p>

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

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.

Pronouncements implemented in 2022 included GASB Statement No. 87, *Leases*. The implementation of GASB Statement No. 87 established lease receivables and deferred inflows on the Town's financial statements.

Also adopted, was SAS 134, which changed the look and layout of the opinion letter.

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 29, 2023.
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>All audit adjustments were identified and communicated to management, and were corrected in FY22.</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

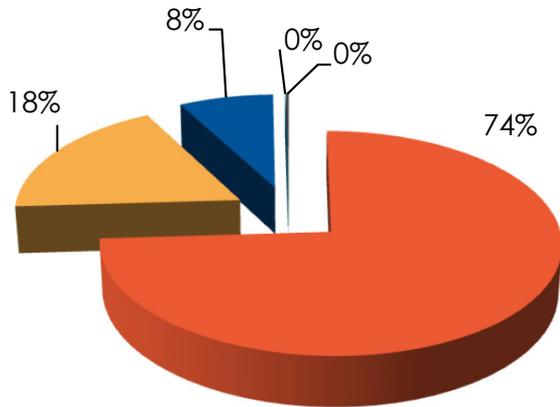
FINANCIAL HIGHLIGHTS



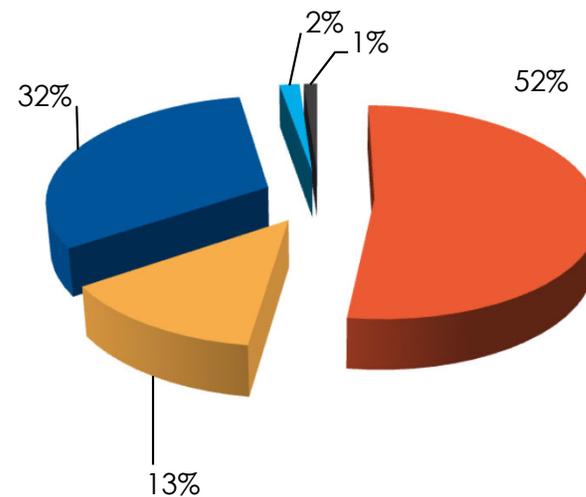
Financial Highlights

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

FY 2022



FY 2021

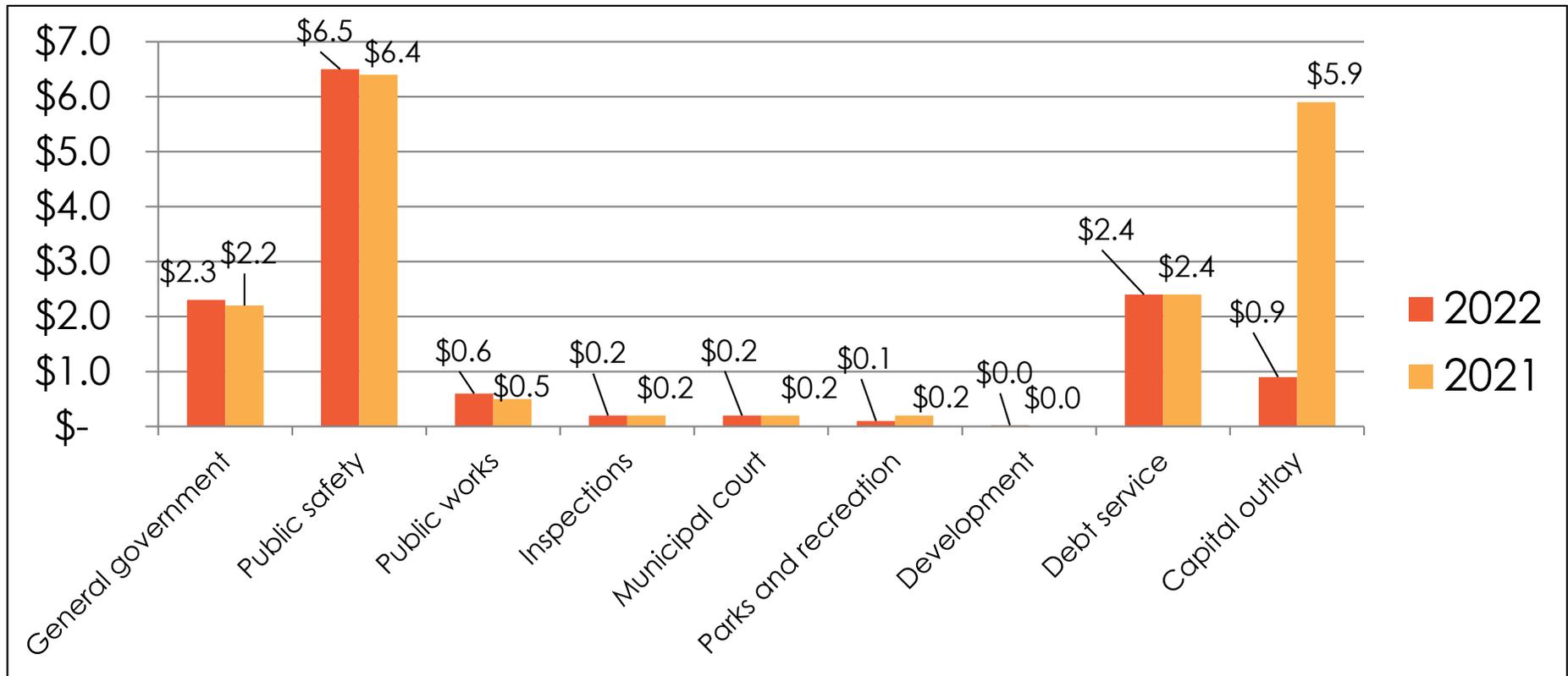


Governmental Funds Expenditures for FY 2022 totaled \$13.2 million, a \$4.8 million or 26.5% decrease

- Capital Outlay decreased \$5.0 million due to the completion of Fire Station #1 in PY.

Financial Highlights

Comparison of Governmental Funds Expenditures



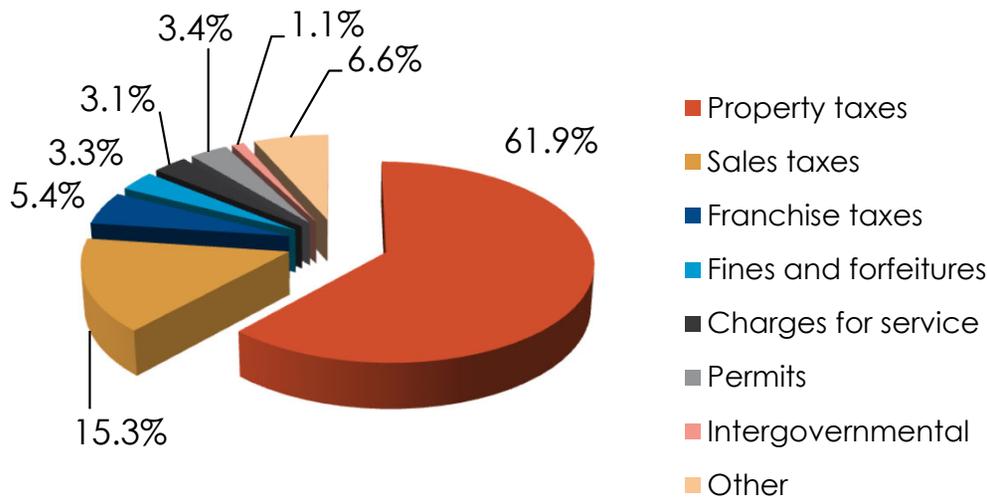
(2-year comparison – current year and prior year – in millions)

Financial Highlights

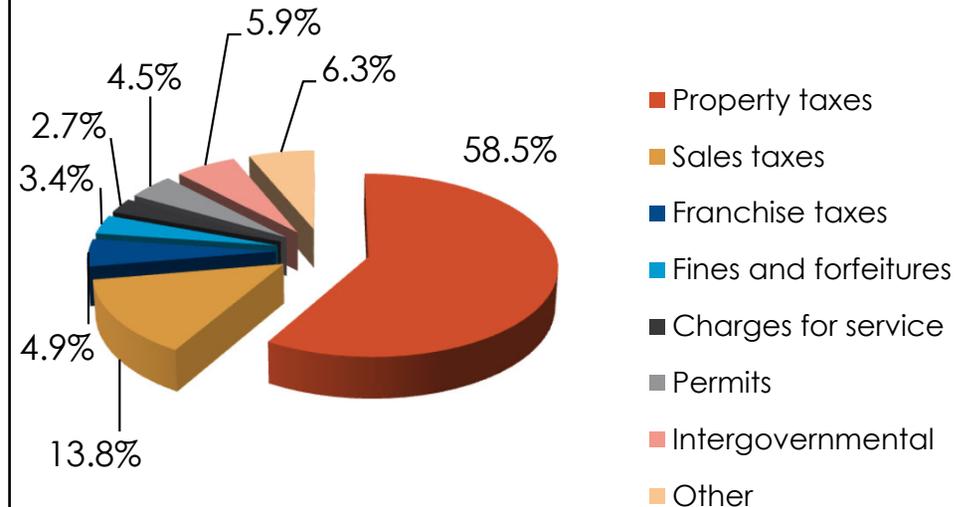
Comparison of Governmental Revenues by Source

Governmental Revenues for FY 2022 totaled \$12.7 million, a \$173 thousand or 1.4% increase. Increase is primarily attributable to the net effect of an increase in Property Tax revenue (\$524 thousand), increase of Sales Tax revenue (\$211 thousand), decrease of Intergovernmental revenue (\$604 thousand), and decrease of Permit revenue (\$134 thousand).

FY 2022 Revenues

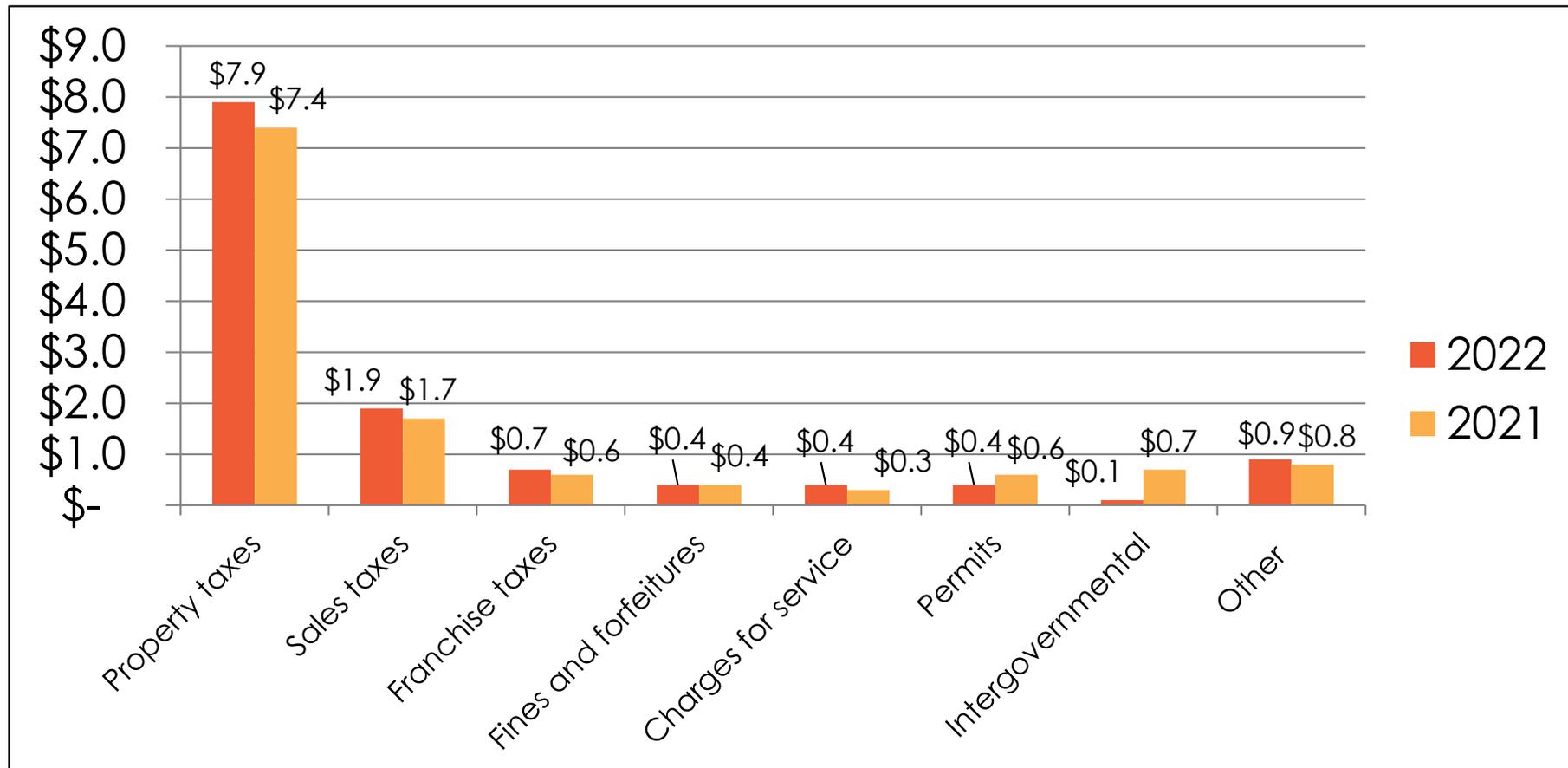


FY 2021 Revenues



Financial Highlights

Comparison of Governmental Revenues by Source



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

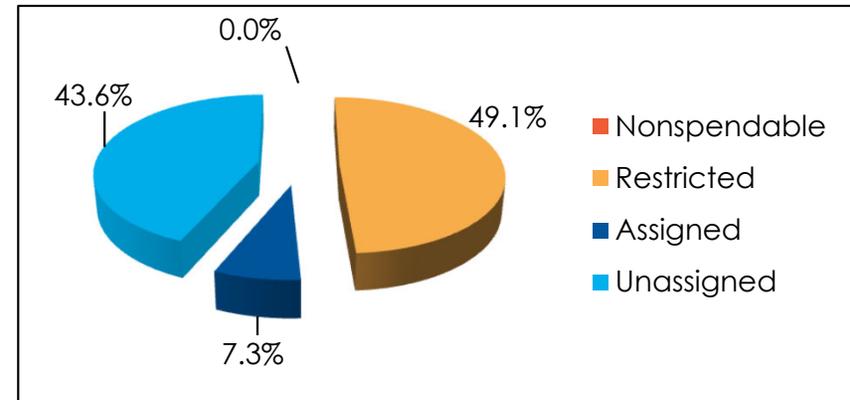
Financial Highlights

Fund Balances

Governmental Funds' Fund Balances

As of September 30, 2022, the Town's governmental funds reported a combined ending fund balance of \$13.5 million as follows:

• General Fund	\$5,937,824
• Debt Service	439,601
• Capital Projects	5,053,140
• Relief Fund	(7,497)
• Other Funds	<u>2,090,279</u>
	\$13,513,347



- Overall, fund balance of the Governmental Funds increased by \$395 thousand.
- Fund balance in the General Fund decreased by \$206 thousand. This is due to increased personnel costs (due to comp study in FY22).
- Relief Fund had zero change in fund balance, as revenues equaled expenditures. However, the second tranche of ARPA funding (\$1.1 million) was received and recorded as Unearned Revenue. Total ARPA funding available is now \$2.2 million.
- Nonmajor funds increased \$532 thousand (34% increase) due to continued property tax revenue from the TIRZ and Hotel/Motel funds.

Financial Highlights

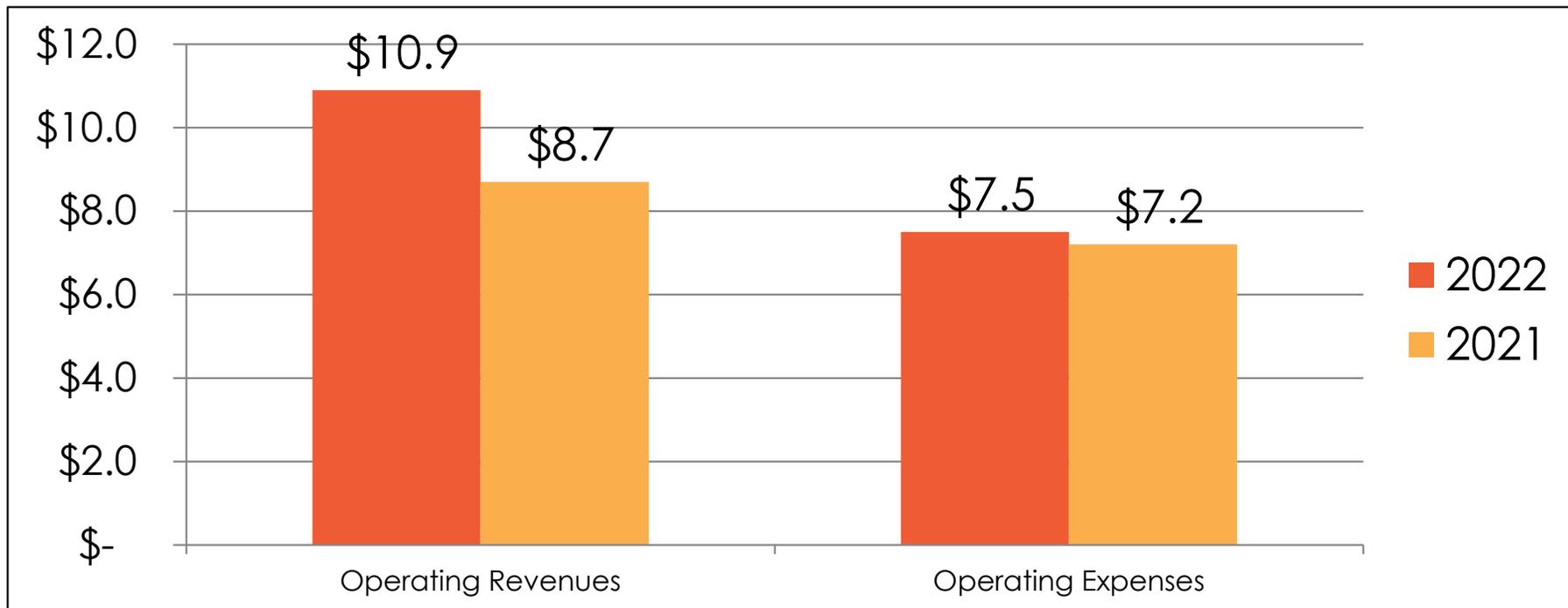
Budgetary Highlights – General Fund

The Town had a favorable budget variance of \$180K (net change in fund balance):

- Actual revenues were \$321K more than budgeted.
 - Sales Taxes was \$49K above budget
 - Charges for Services was \$52K above budget
 - Permits was \$91K above budget
- Actual expenditures were \$141K above budget.
 - General Government was \$17K below budget
 - Public Safety was \$188K above budget

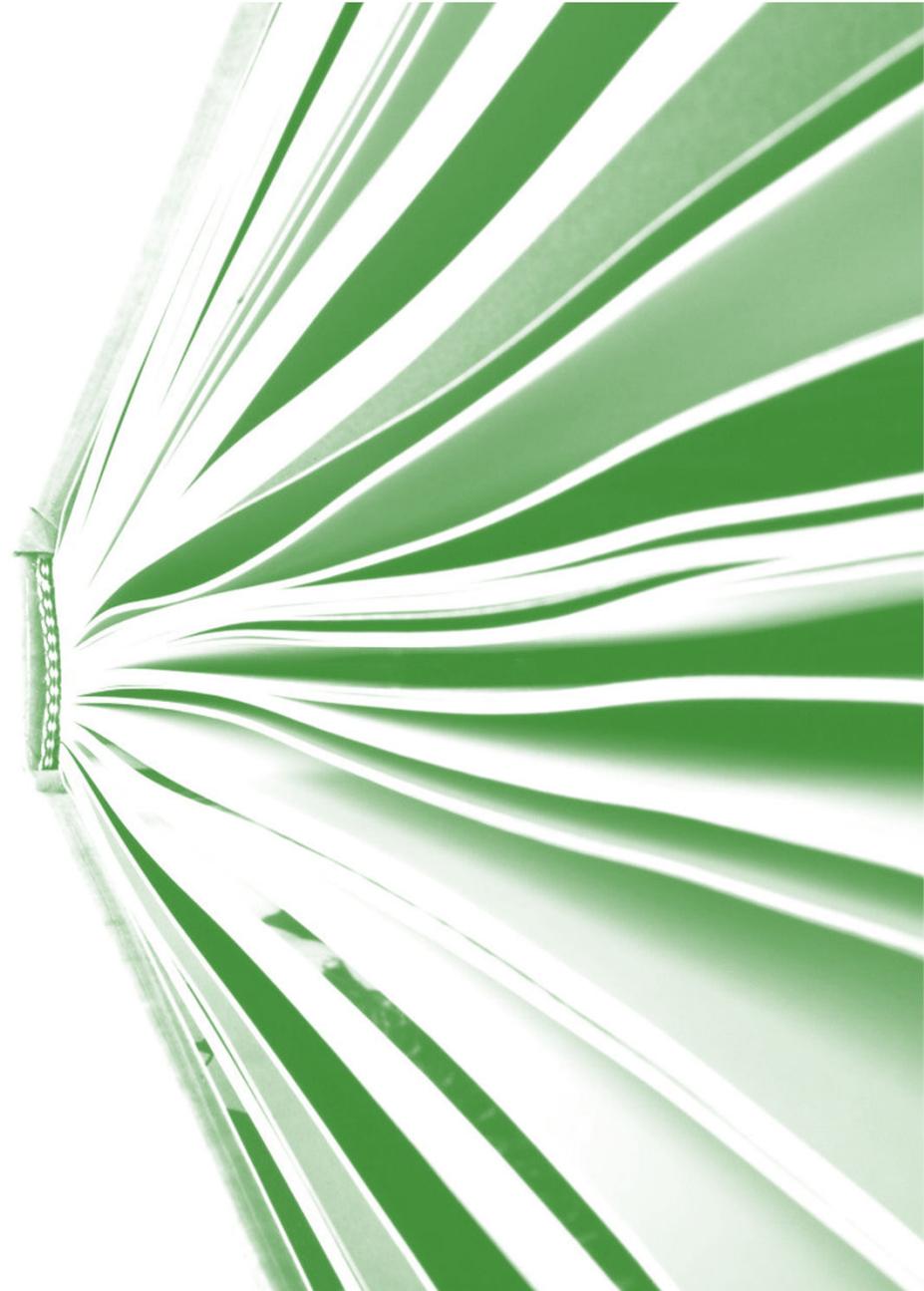
Financial Highlights

Comparison of Enterprise Funds Operating Revenues and Expenses – FY 2022 and the prior year (in millions)



- Enterprise funds' net position increased by \$2.1 million during FY22.
- Operating revenues increased \$2.2 million primarily due to:
 - 28% increase in the consumption of water, increased revenue \$2.0 million.
 - Increased sewer usage, caused revenue to increase \$256k.
- Operating expenses increased \$301K mostly due to increases in water purchases.

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



DISCUSSION

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