



Audit Insights

City of Burleson, Texas

Year Ended September 30, 2022

Overview

- Introductions
- Audit Process
- Audit Results
- Financial Highlights
- Questions





Introductions

Our Experience

At Weaver, there are no “one-size-fits-all” solutions. We combine leading technical knowledge with specific industry experience to provide highly customized services tailored to each client's needs.

Industries

- ▶ Government
- ▶ Not-for-profit
- ▶ Higher Education
- ▶ Real Estate
- ▶ Construction
- ▶ Hospitality & Entertainment
- ▶ Health Care
- ▶ Professional Services
- ▶ Private Equity
- ▶ Insurance
- ▶ Technology
- ▶ Blockchain & Digital Assets
- ▶ Alternative Investments
- ▶ Financial Services
- ▶ Banking
- ▶ Manufacturing
- ▶ Distribution & Logistics
- ▶ Oil & Gas
- ▶ Energy Transition & Renewables

Services

Advisory Services

- ▶ Risk Advisory Services
- ▶ IT Advisory Services
- ▶ Digital Transformation & Automation
- ▶ Government Consulting Services
- ▶ Asset Management Consulting
- ▶ Accounting Advisory Services
- ▶ Transaction Advisory Services
- ▶ Valuation Services
- ▶ Forensic & Litigation Services
- ▶ Family Office Services

Assurance Services

- ▶ Audit, Review & Compilation
- ▶ Agreed-Upon Procedures
- ▶ Employee Benefit Plan Audit
- ▶ SOC Reporting
- ▶ Attestation Services
- ▶ IFRS Assessment & Conversion

Tax Services

- ▶ Federal Tax
- ▶ State & Local Tax
- ▶ International Tax
- ▶ Personal Client Services



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2022

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2022

Today's Presenters



Jackie Gonzalez, CPA

Partner, Government and Not for Profit Services

- Your relationship partner
- 18+ years of experience
- ▶ Member, GFOA Special Review Committee
- ▶ Practice emphasis in auditing and consulting for cities, school districts, counties and not for profit organizations
- Serves on the Inspire Advisory Board, as a Culture Ambassador and a Community Champion for the Weaver Foundation

Justine Singletary, CPA

Manager, Government and Not for Profit Services

- ▶ Your audit manager
- ▶ 6+ years of experience
- ▶ Practice emphasis in auditing and consulting for cities, school districts, counties and not for profit organizations.

Audit Team

Jackie Gonzalez, CPA
Engagement Partner

Justine Singletary, CPA
Manager

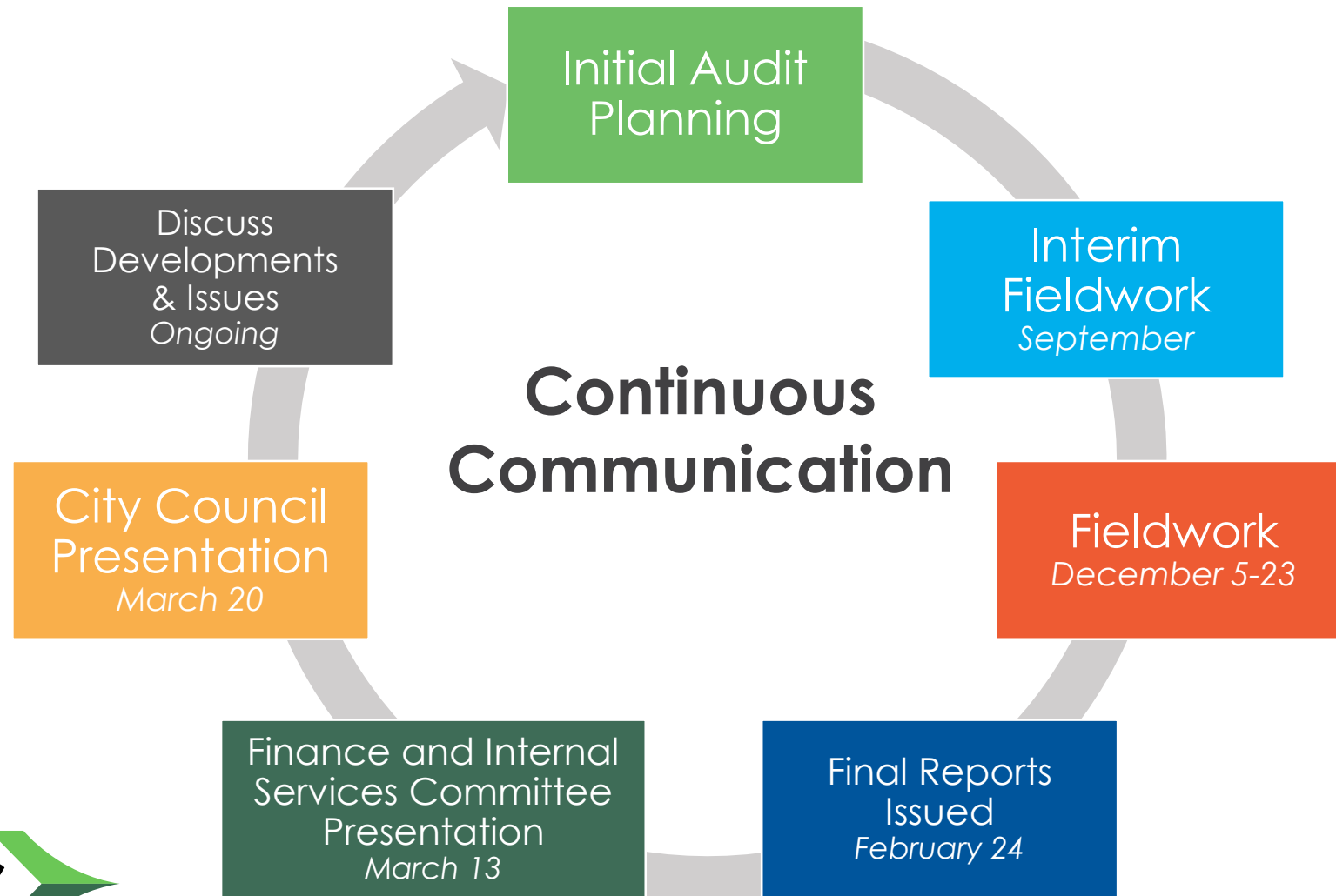
Melissa Kirkland
Senior Associate

AUDIT ASSOCIATES AND OTHER SUPPORTING STAFF MEMBERS



Audit Process

The Audit Cycle



Audit Process

- ✓ **Audit Standards** — The audit is performed in accordance with General Accepted Auditing Standards (**GAAS**), Generally Accepted Government Auditing Standards (**GAGAS**), Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (**Uniform Guidance**)
- ✓ **Risk-based approach** — Focused on specific risks, such as:
 - Revenue recognition and related receivables
 - Federal grant revenues and expenditures
 - Capital projects, purchasing and compliance with bidding procedures
 - Long-term debt, payables, accrued liabilities (Pension, OPEB) and expenditures
- ✓ **Identified significant and fraud risks** and designed responses to:
 - Misappropriation of assets
 - Management override of controls
 - Revenue recognition



Audit Results

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 on Major Programs:	UNMODIFIED
Low Risk Auditee?	Yes
Internal control over the major program:	
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

Audit Results

Major Program Analysis

- In addition to detailed transaction testing, we also:
 - ✓ Analyzed the composition of costs for each major program
- All costs charged to the program were consistent with expectations and complied with compliance requirements.

MAJOR PROGRAM COMPOSITION OF COST

	American Rescue Plan Act
Personnel Services	54%
Professional & Contracted Services	4%
Supplies & Materials	2%
Capital Outlay – Machinery & Equipment	40%
Total	100%

Additional Major Program Analysis



Auditor Communications

- All known and likely misstatements identified during the audit, other than those that are trivial, were communicated to management and recorded as adjustments to the City's financial statements.
- The most significant adjustments were as follows:
- Significant adjustments to the Water & Wastewater Fund:

Water & Wastewater Fund	Assets	Deferred Outflows	Liabilities	Deferred Inflows	Net Position	Operating and Non-operating Revenues and Transfers In	Operating and Non-operating Expenses and Transfers Out
Construction In Progress - Sewer System	445,065	-	-	-	-	-	-
Sewer System Expense	-	-	-	-	-	-	(445,065)
<To capitalize costs incurred on sewer system project during FY22>							
Total current year effect	445,065	-	-	-	-	-	(445,065)
Water & Wastewater Fund balances per FY22 ACFR:	173,011,081	682,885	(62,208,948)	(1,410,827)	(110,074,191)	(30,798,272)	21,294,034
As a percent	0.26%	0.00%	0.00%	0.00%	0.00%	0.00%	-2.09%

Auditor Communications

- Significant adjustments to the COVID Relief Grants Fund:

COVID Relief Grants Fund	Assets	Deferred Outflows	Liabilities	Deferred Inflows	Fund Balance	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Intergovernmental Revenue	-	-	-	-	-	49,948	-
Payroll Expense	-	-	-	-	-	-	(49,948)
<To correct recording of ARPA expenditures incurred in FY21 in General Fund>							
Total current year effect	-	-	-	-	-	49,948	(49,948)
COVID Relief Grants Fund balances per FY22 ACFR:	9,862,857	-	(9,982,957)	-	120,100	(1,437,015)	1,557,115
As a percent	0.00%	0.00%	0.00%	0.00%	0.00%	-3.48%	-3.21%

Auditor Communications

- Management's estimates of the following were found to be reasonable based on our evaluation of key factors and assumptions used to develop the estimates:
 - Proportionate share of the net pension liability
 - Proportionate share of the other post employment benefit (OPEB) liability
 - Depreciation expense
 - Allowance for doubtful accounts as related to property tax and utility revenues

Auditor Communications

- No material errors, irregularities, or illegal acts noted
- No transactions entered into by which the City during the year for which there is a lack of authoritative guidance or consensus
- No difficulties or disagreements arose during the course of the audit
- No independence issues noted
- No consultations or request for a second opinion from other accountants

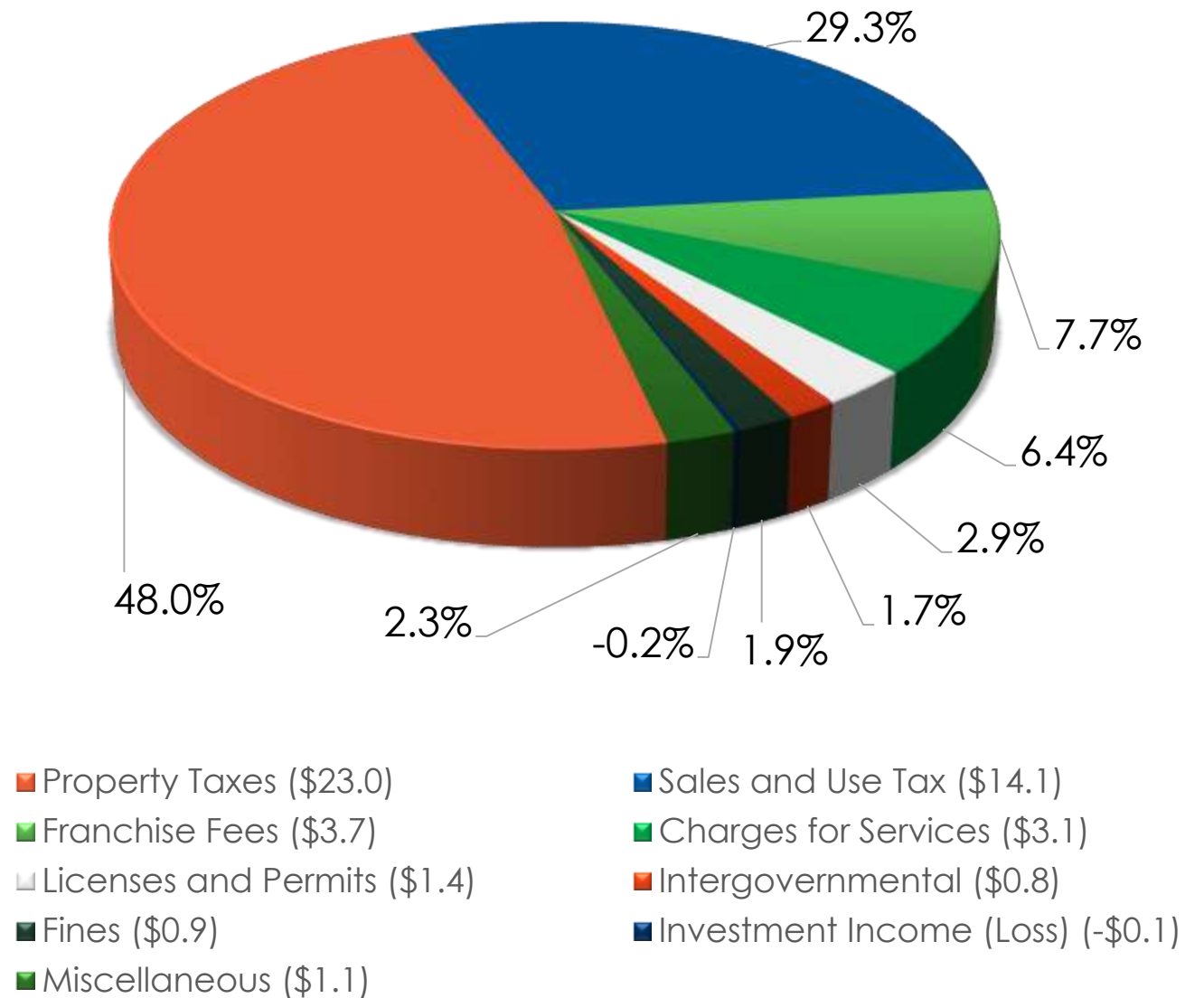


Financial Highlights – General Fund

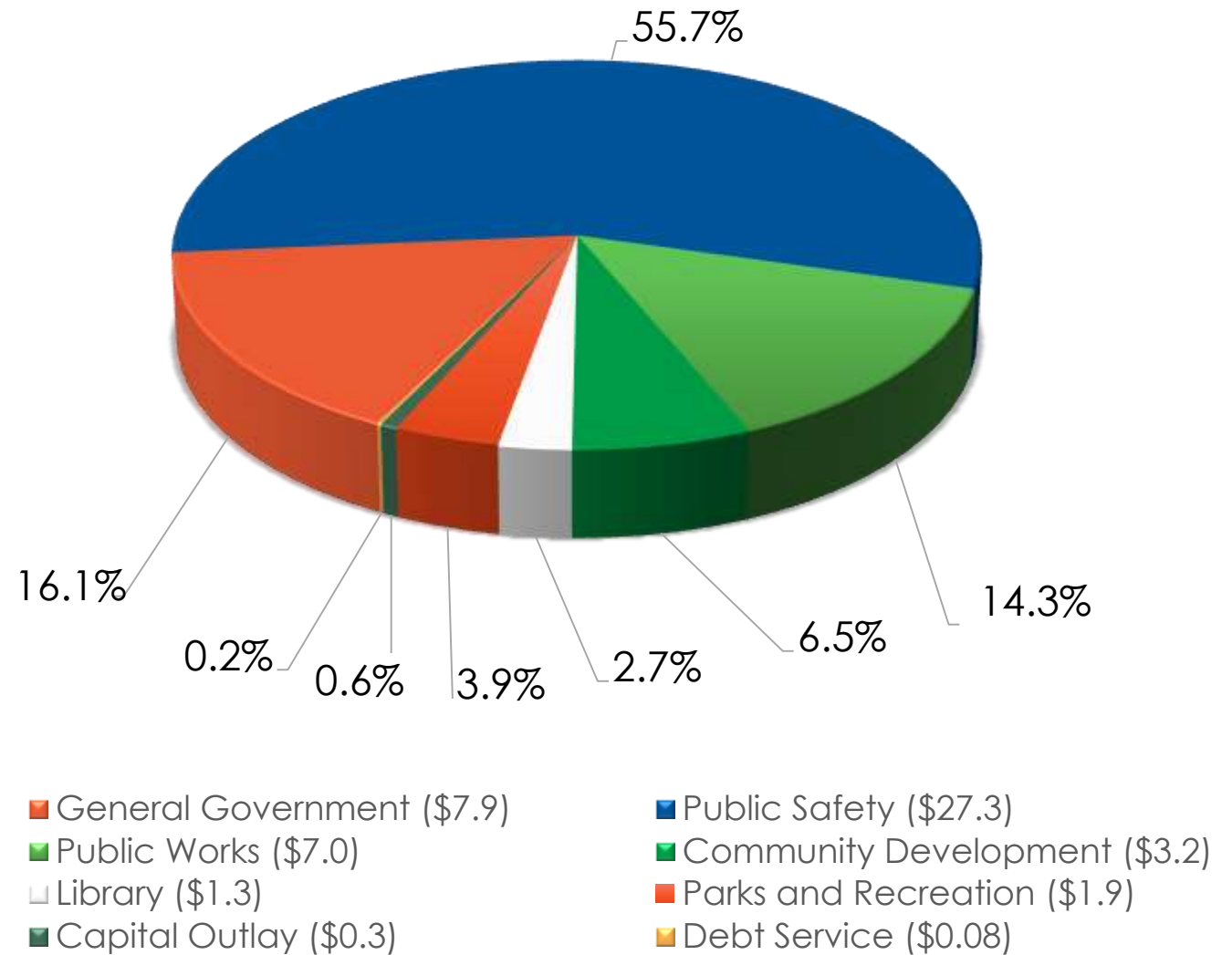
Financial Highlights – General Fund

ASSETS	\$	27,662,358
LIABILITIES		2,978,024
DEFERRED INFLOWS OF RESOURCES		2,760,169
FUND BALANCES		
Nonspendable:		27,424
Committed:		
Debt service		405,527
Other purposes		1,025,116
Unassigned		20,466,098
Total Fund Balances	\$	21,924,165
REVENUES		47,976,053
EXPENDITURES		49,075,438
Excess (deficiency) of revenues over (under) expenditures		(1,099,385)
OTHER FINANCING SOURCES (USES)		4,684,241
Net change in fund balance		3,584,856

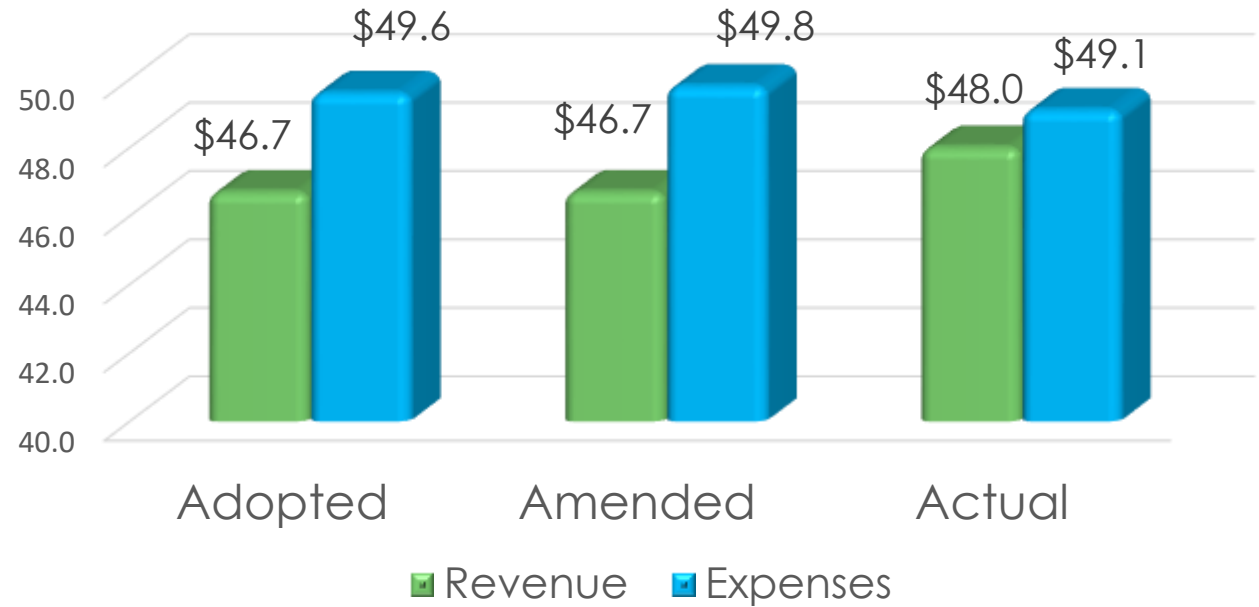
Financial Highlights – General Fund Revenue – Fiscal Year 2022 (in millions)



Financial Highlights – General Fund Expenditures - Fiscal Year 2022 (in millions)



Financial Highlights – General Fund Budget to Actual — (in millions)



- Actual revenues of \$48.0M were more than budgeted amounts by \$1.3M
- Actual expenditures of \$49.1M were less than budgeted expenditures by \$.7M
- Ending fund balance for FY 2022 totaled \$21.9M
- Unassigned fund balance \$20.5M, which is 41.2% of FY 2022 budgeted expenditures (\$49.8M)

””
““

QUESTIONS?

Let's Connect



**COVID-19 Resilience
& Recover Resource
Center**

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