



# 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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FIRMS  
2022

INSIDE  
PUBLIC ACCOUNTING  
TOP 100  
FIRMS  
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

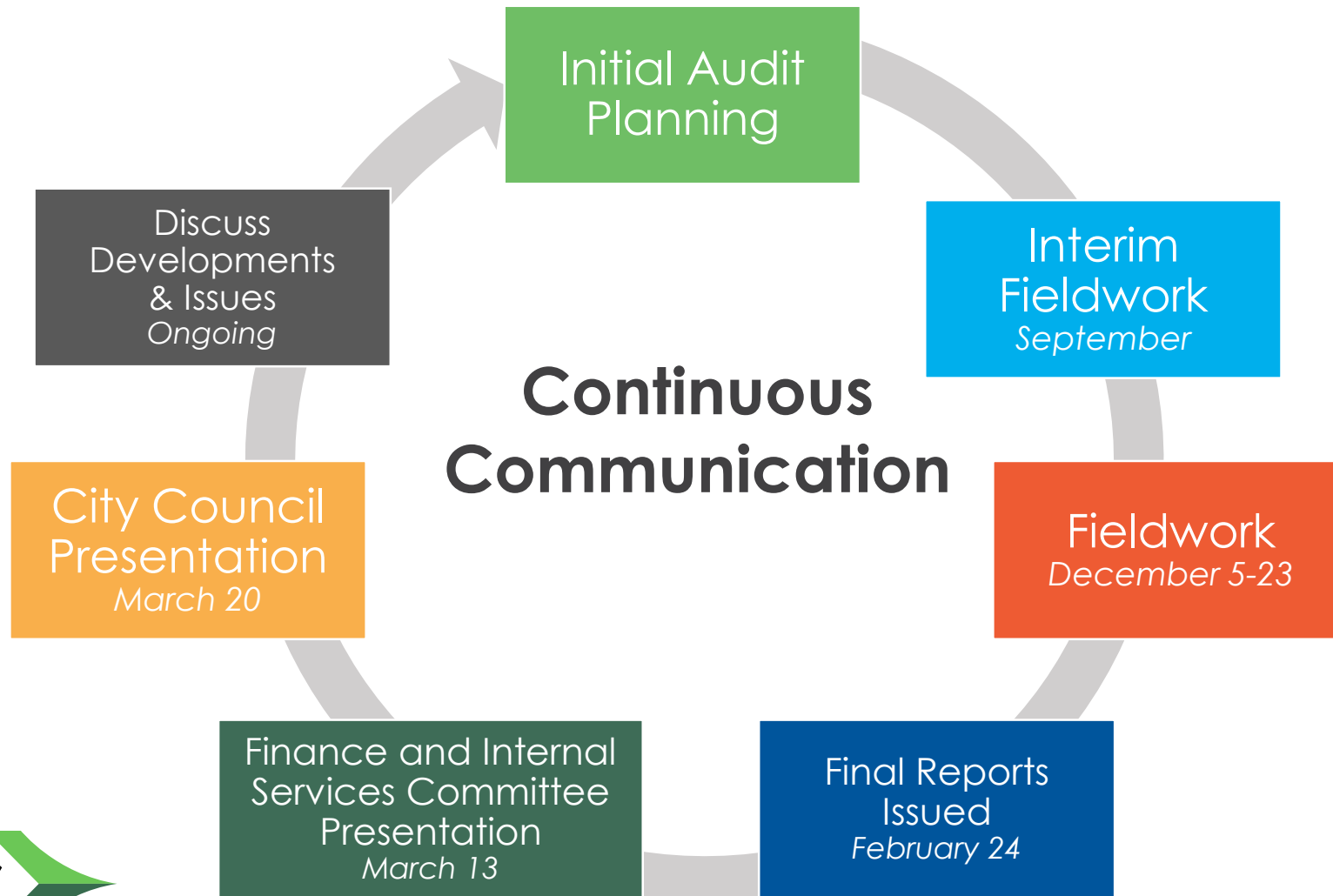
AUDIT ASSOCIATES AND OTHER SUPPORTING STAFF MEMBERS





# 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

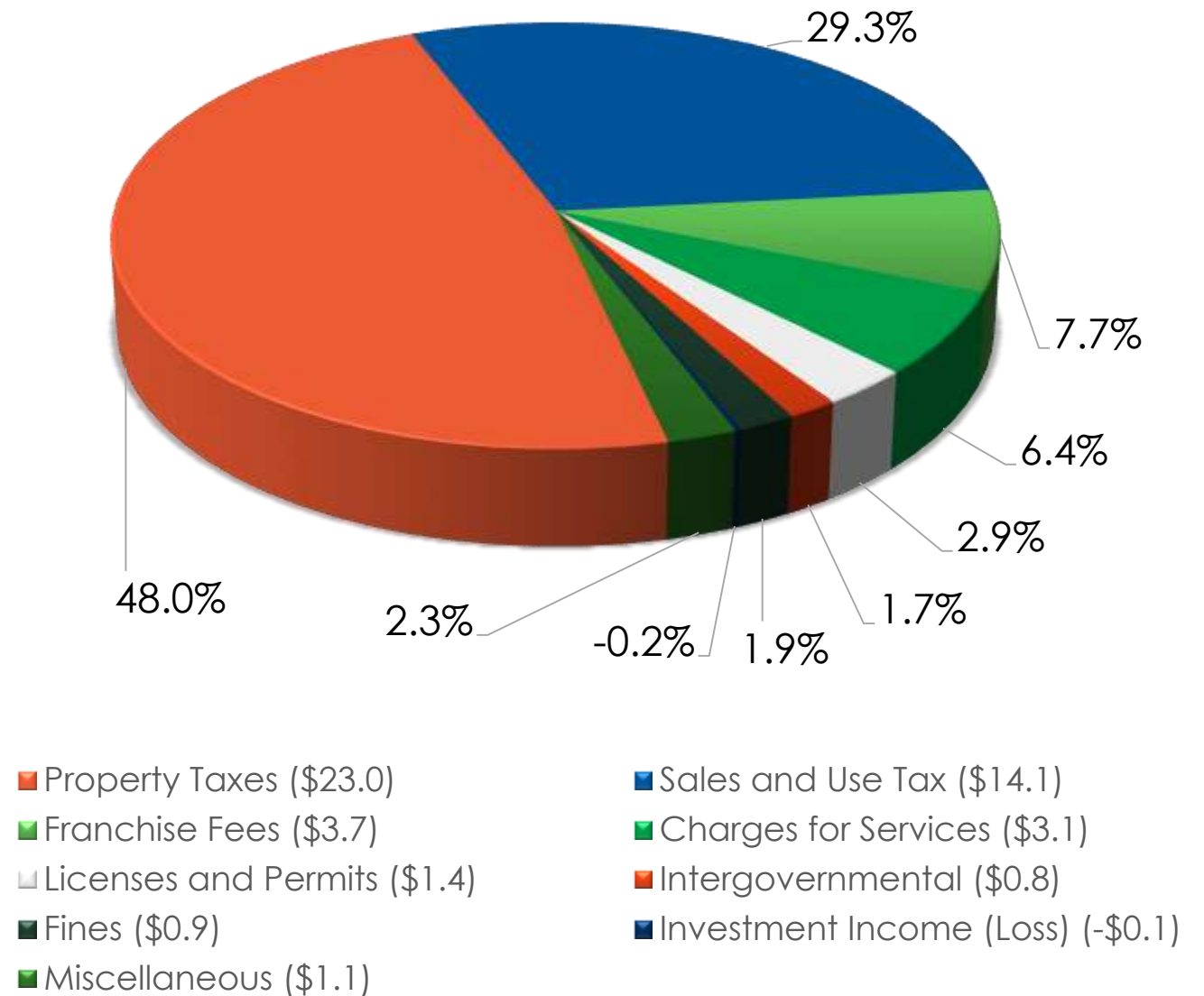


# Financial Highlights – General Fund

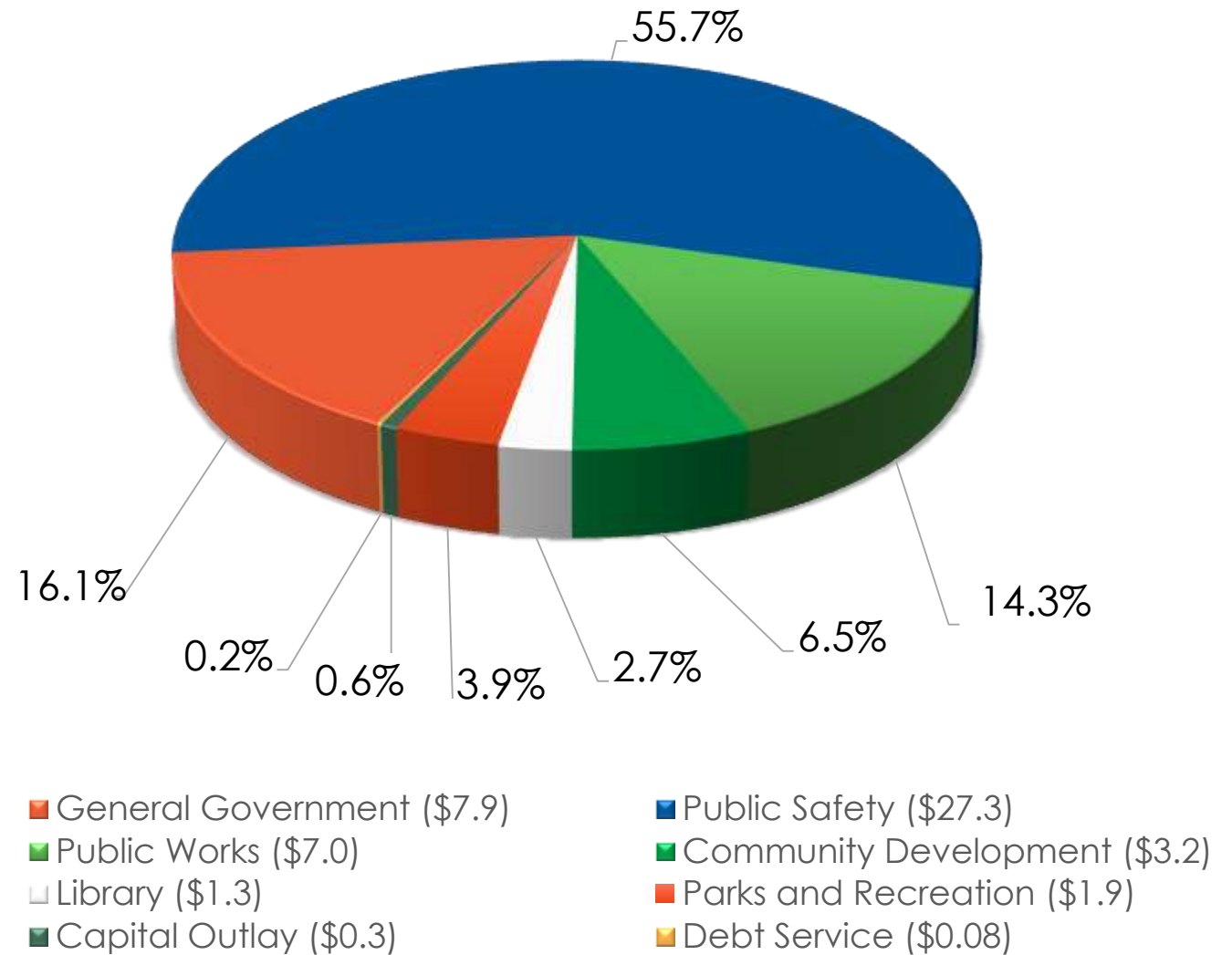
# Financial Highlights – General Fund

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

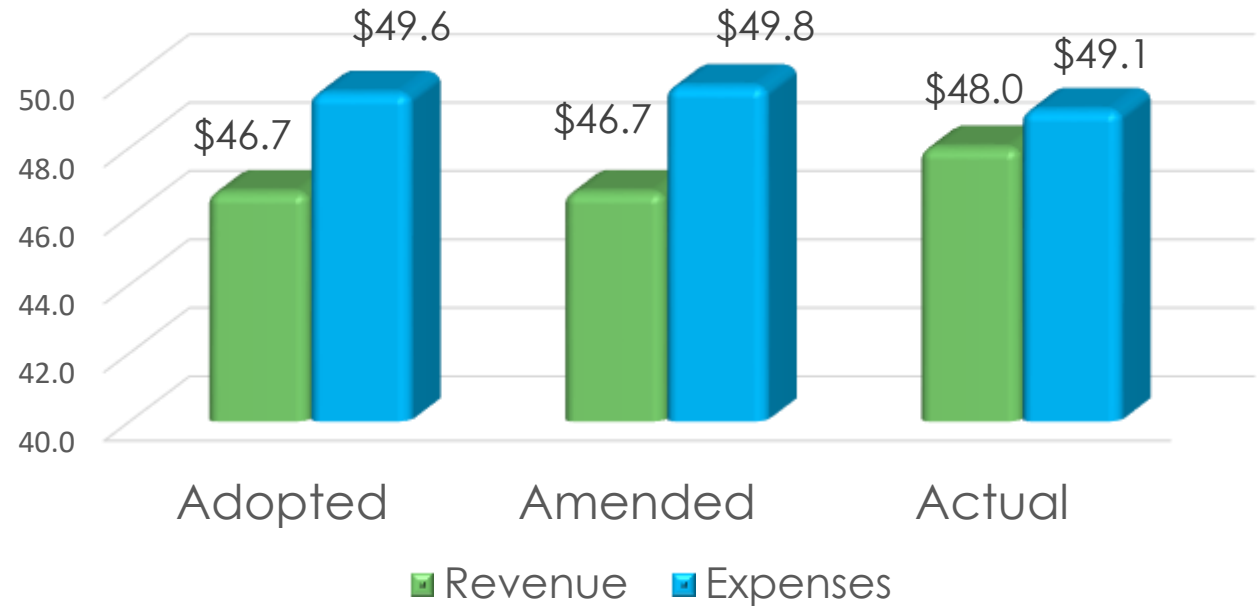
# Financial Highlights – General Fund Revenue – Fiscal Year 2022 (in millions)



# 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)



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“

# QUESTIONS?

Let's Connect



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

## **Jackie Gonzalez, CPA**

Partner, Government & Not for Profit Services

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