



# City of Burleson, Texas

For the Year Ended September 30, 2023

Finance Committee Presentation – March 4, 2024



# Today's Presenters

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## **Jackie Gonzalez, CPA** *Partner, Assurance Services*

- ▶ Your relationship partner
- ▶ 19+ years of experience
- ▶ Practice emphasis in auditing and consulting for school districts, cities, counties and other governmental entities
- ▶ Member, GFOA Special Review Committee

## **Justine Singletary, CPA** *Senior Manager, Assurance Services*

- ▶ Your audit manager
- ▶ 7+ years of experience
- ▶ Practice emphasis in auditing and consulting for school districts, cities, counties and other governmental entities

# Weaver Team



## City of Burleson Engagement Team

**Jackie Gonzalez, CPA**  
Engagement Partner

**Justine Singletary, CPA**  
Engagement Senior  
Manager

**Melissa Kirkland**  
Engagement Senior

Associates and Other Supporting Staff Members

## Quality Control Partner

**Sara Dempsey, CPA**  
Partner,  
Assurance Services

# Meet Weaver



~1,000 TEAM MEMBERS



15 U.S. LOCATIONS



~\$200M IN REVENUES



GLOBAL NETWORK MEMBER FIRM

## INDUSTRY PRACTICE AREAS

- » Government
- » Not-for-Profit
- » Higher Education
- » Health Care
- » Energy
- » Real Estate
- » Private Equity
- » Technology
- » Family Office
- » Financial Services
- » Professional Services
- » Manufacturing, Distribution & Retail
- » Hospitality & Entertainment
- » Construction

“I have worked with several accounting firms, but I have never before had this kind of quality service. The information provided to us to make decisions for our company exceeds our expectations.”

—Client Feedback Survey

# Government Experience

**170+**

PROFESSIONALS  
WITH SIGNIFICANT  
GOVERNMENT  
EXPERIENCE

**300+**

CLIENTS  
SERVED

## OFFERINGS

- » External audit
- » Risk assessment
- » Internal Audit
- » Digital transformation
- » Grant compliance
- » Performance audit
- » Business process improvement
- » IT audit and cybersecurity
- » Agency restructuring and reorganization
- » Strategic planning
- » Organizational development
- » Valuation
- » Forensic accounting
- » Fraud investigation



20+ STATE  
AGENCIES



40+ CITIES



20+ COLLEGES  
& UNIVERSITIES



50+ SCHOOL  
DISTRICTS

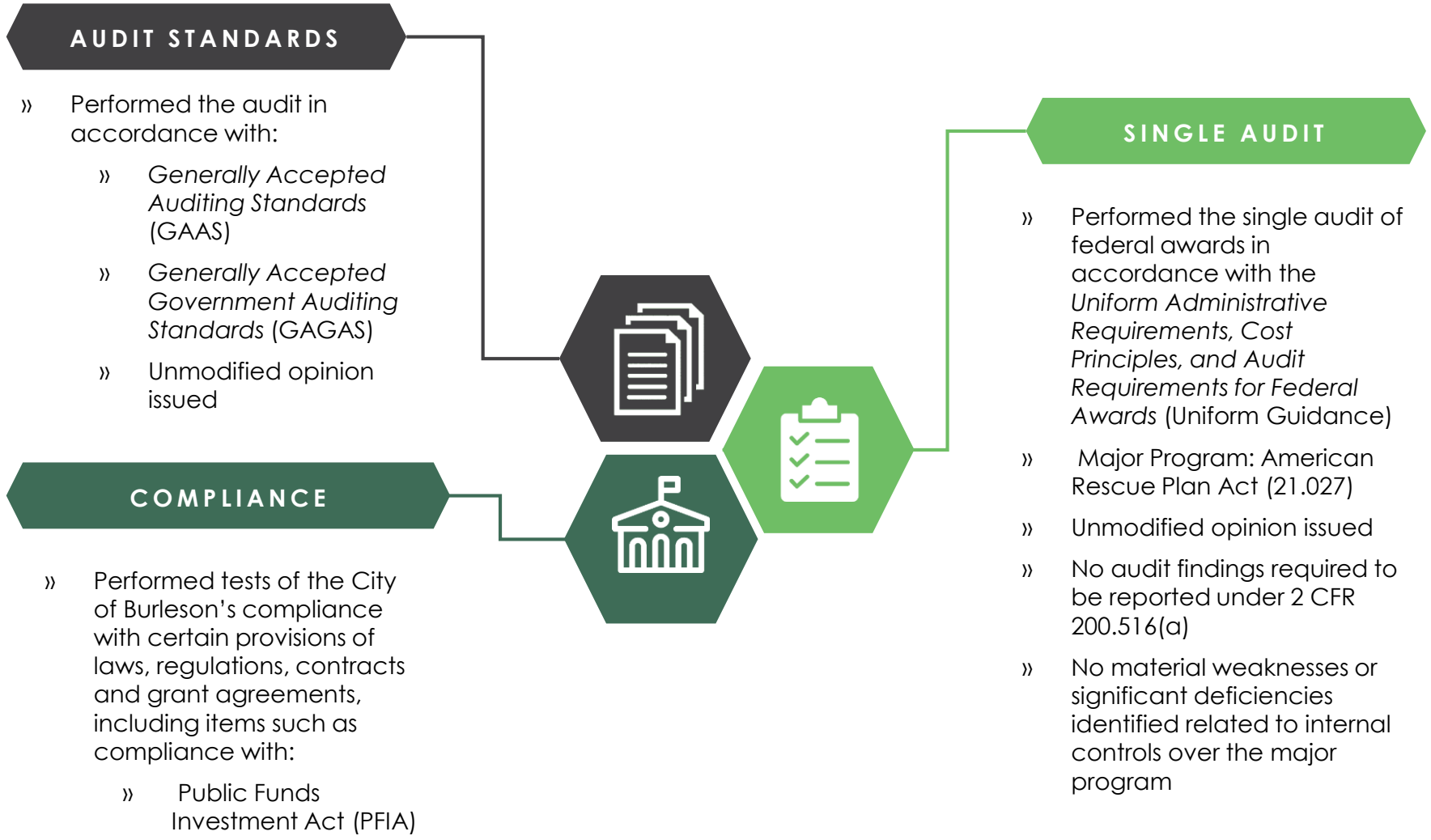


100+ LOCAL &  
REGIONAL ENTITIES

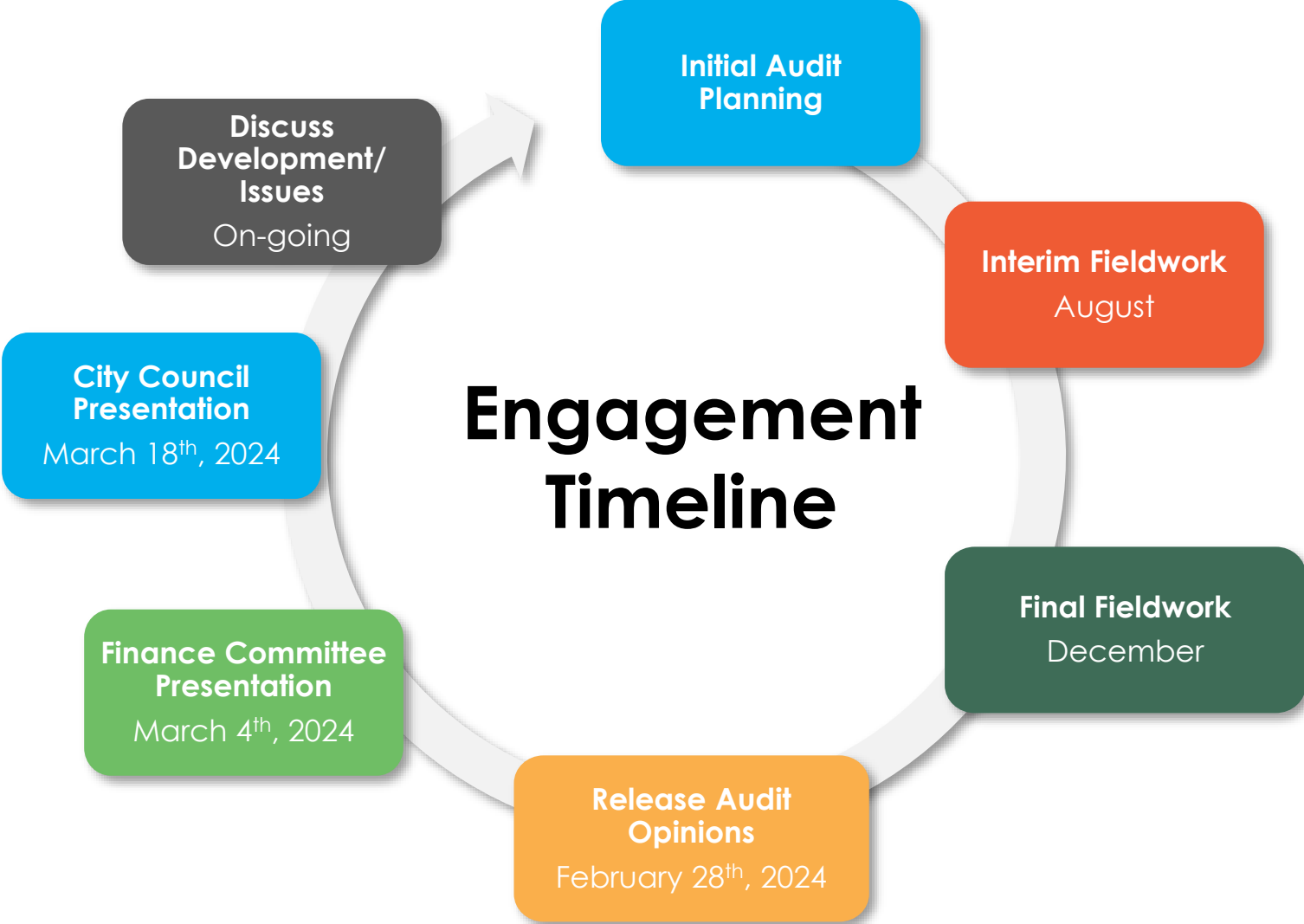


50+ GFOA AWARD  
RECIPIENTS

# Audit Process



# Audit Timeline



# Significant Risks & Estimates

The following significant risks and estimates were identified during the performance of our risk assessment procedures:

SIGNIFICANT RISK IDENTIFIED	RESULTS OF WORK PERFORMED
Management Override of Controls <i>(Note: This is a presumed risk on all audit engagements.)</i>	No audit findings noted.
Financial Statement Presentation	No audit findings noted.
Risk of Fraud in Revenue Recognition	No audit findings noted.
Misappropriation of Cash	No audit findings noted.
SIGNIFICANT ESTIMATE	
Allowance for Doubtful Accounts – Property Taxes	
Allowance for Doubtful Accounts – Utility Revenue	



# Implementation of New Standards



## **GASB Statement 96** Subscription Based Information Technology Arrangements

- Issued May 2020
- Effective and implemented during the fiscal year
- The Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement
  - (1) defines a SBITA;
  - (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability;
  - (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and
  - (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.
- Implementation resulted in recording of approximately \$2.2M in subscription right-to-use assets and approximately \$1.1M in subscription liabilities.
- See Note 7 of the financials for more information.

# Uncorrected and Corrected Misstatements

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- All known and likely misstatements identified during the audit, other than those that are trivial, have been communicated to management.
- All adjustments have been posted to the City's financial statements. The most significant adjustments were:
  - Increase in expenses and decrease in capital assets recorded in the Water and Sewer fund by \$12,681, 217.
  - Increase in capital outlay and retainage payable in the 4A Bond Fund by \$874,490.
  - Increase in capital outlay and accounts payable in the 4A Bond Fund by \$884,071.

# Deficiencies



We are required to communicate to you, in writing, all material weaknesses and significant deficiencies in internal control over financial reporting that may have been identified during the course of our audit.

A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control over financial reporting, that is less severe than a material weakness yet important enough to merit attention by those responsible for oversight of the company's financial reporting.

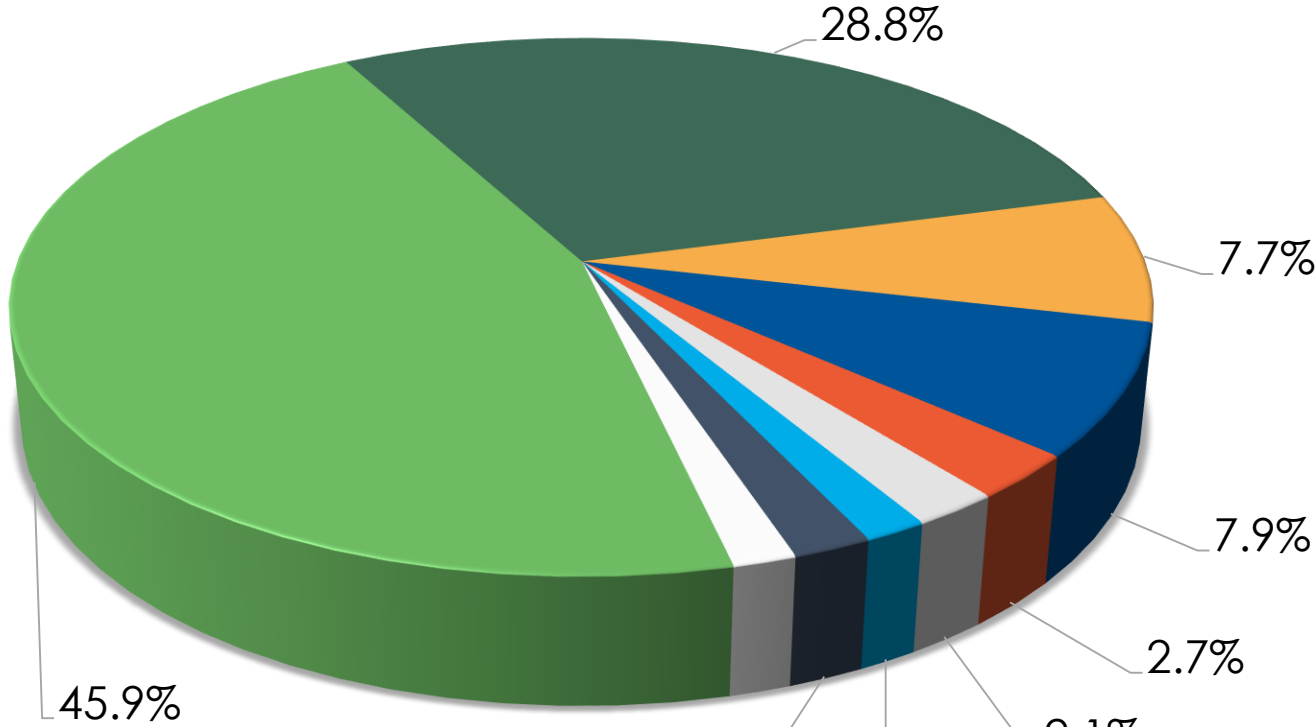
A **material weakness** is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

CONTROL NUMBER, TITLE & DESCRIPTION	TYPE OF DEFICIENCY
Finding 2023-001  Recording of Construction Project Costs  Audit procedures identified that costs related to various construction projects were improperly recorded in the City's financial statements.	Significant Deficiency

# Financial Highlights – General Fund

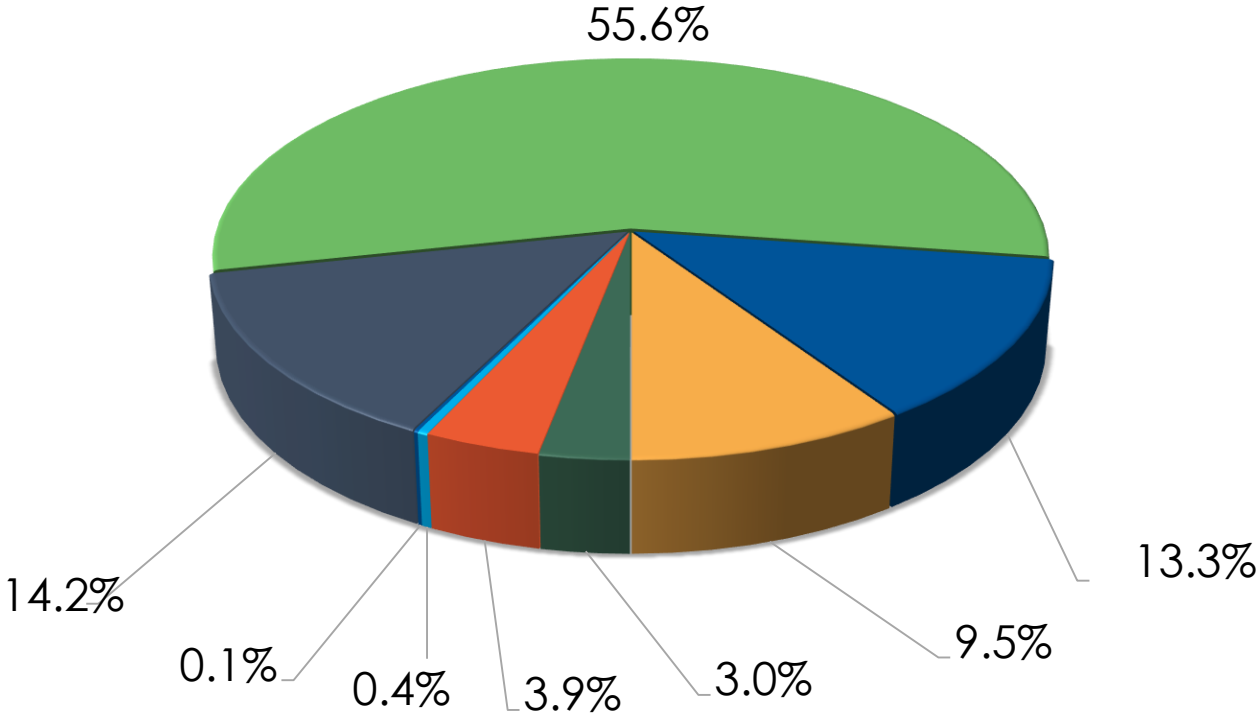
<b>ASSETS</b>	\$ 25,227,029
<b>LIABILITIES</b>	4,295,064
<b>DEFERRED INFLOWS OF RESOURCES</b>	2,436,365
<b>FUND BALANCES</b>	
Nonspendable:	28,000
Unassigned	18,467,600
	\$ 18,495,600
<b>REVENUES</b>	51,648,870
<b>EXPENDITURES</b>	55,654,094
	(4,005,224)
Excess (deficiency) of revenues over (under) expenditures	
<b>OTHER FINANCING SOURCE (USES)</b>	576,659
	(3,428,565)
Net change in fund balance	
Fund balance, beginning	21,924,165
<b>FUND BALANCE, ENDING</b>	\$ 18,495,600

# Financial Highlights – General Fund Revenue – Fiscal Year 2023 (in millions)



- Property Taxes (\$23.6)
- Sales and Use Tax (\$14.9)
- Franchise Fees (\$4.0)
- Charges for Services (\$4.1)
- Licenses and Permits (\$1.4)
- Intergovernmental (\$1.1)
- Fines (\$0.8)
- Investment Income (\$1.0)
- Miscellaneous (\$0.8)

# Financial Highlights – General Fund Expenditures – Fiscal Year 2023 (in millions)

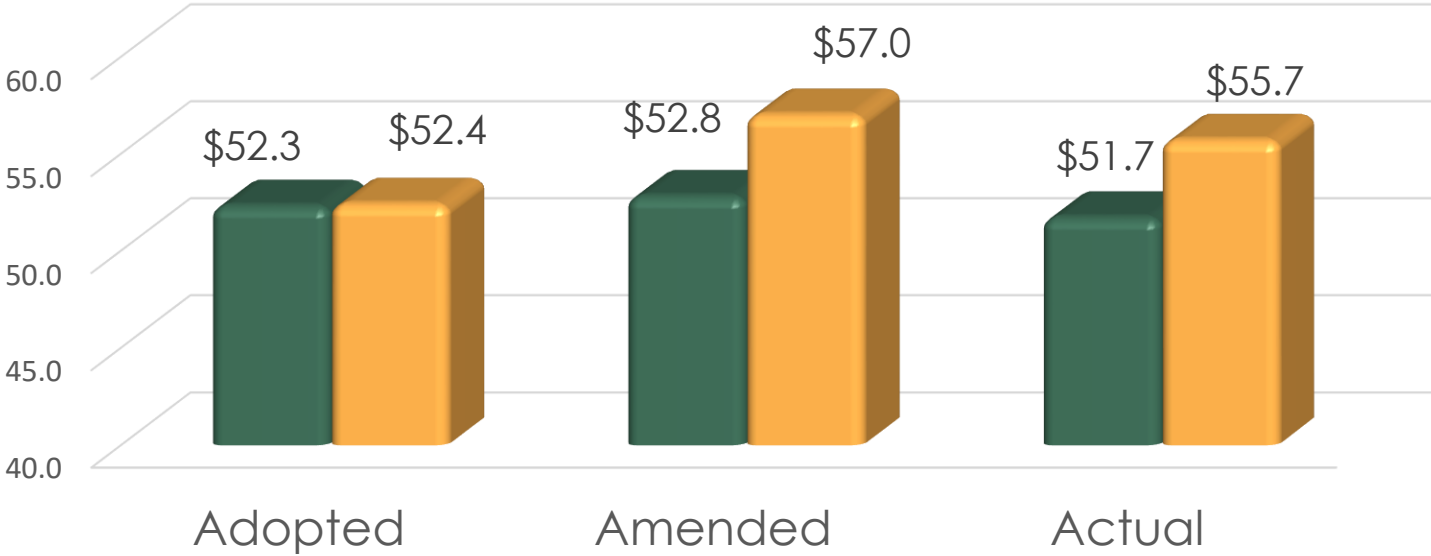


- General Government (\$7.9)
- Public Works (\$7.4)
- Library (\$1.7)
- Capital Outlay (\$0.2)
- Public Safety (\$31.0)
- Community Development (\$5.3)
- Parks and Recreation (\$2.2)
- Debt Service (\$0.08)

# Financial Highlights – General Fund Budget to Actual – Fiscal Year 2023 (in millions)



■ Revenue ■ Expenses



- Actual revenues of \$51.7M were less than amended budgeted amounts by \$1.1M
- Actual expenditures of \$55.7M were less than budgeted expenditures by \$1.3M
- Ending fund balance for FY 2023 totaled \$18.5M
- Unassigned fund balance \$18.5M, which is 33% of FY 2023 budgeted expenditures (\$57M)



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