



**FORVIS**<sup>TM</sup>

# Town of Addison, Texas

FY2023 Audit Presentation to Town Council

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

# Introductions



**Rachel Ormsby, CPA**

Partner & Market Industry Leader

Lead Audit Engagement Executive

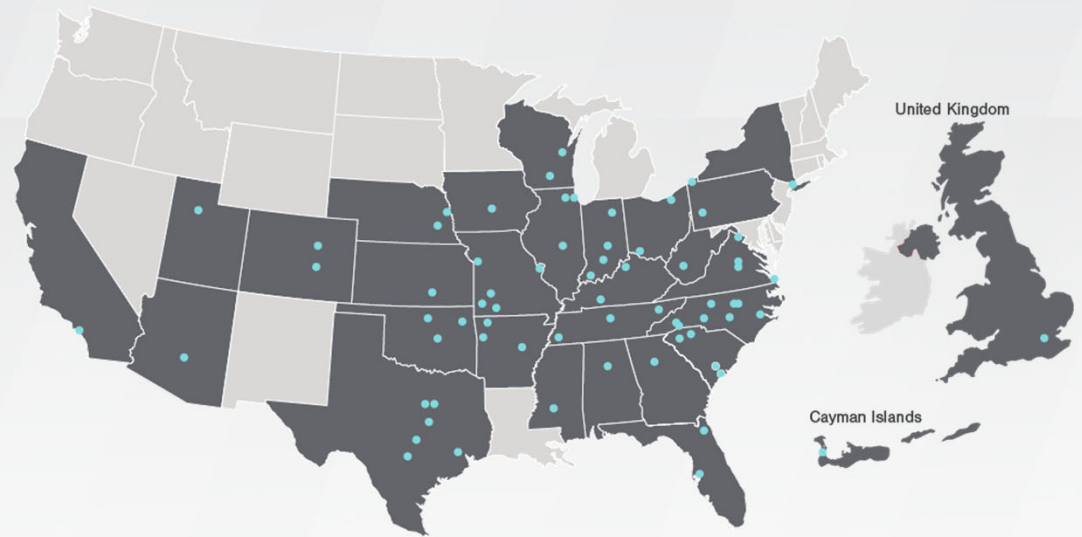
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# FORVIS



**8th**

Largest  
U.S. Firm\*

**530+**

Partners &  
Principals

**28**

States + U.K. &  
Cayman Islands\*\*

**10+**

Industries

**5,700+**

Team Members

**72**

Markets

# Agenda



Audit Scope and Results



Future Pronouncements and Other Matters



Financial Overview



Questions

# Audit Scope and Results

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# Audit Scope and Results

- Unmodified “Clean” Opinions
  - Independent Auditor’s Report on Basic Financial Statements
- Qualitative Aspects of Significant Accounting Policies and Practices
  - Significant Accounting Policies
    - The Town’s significant accounting policies are described in *Note 1* of the audited financial statements.
  - Implementation of GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
  - Implementation of GASB 96, *Subscription-Based Information Technology Arrangements*
  - Alternative Accounting Treatments
    - No matters are reportable

# Audit Scope and Results (cont.)

- Qualitative Aspects of Significant Accounting Policies and Practices (continued)
  - Management Judgments and Accounting Estimates
    - Accounts receivable and related allowance for uncollectible amounts
    - Compensated absences
    - Total other postemployment benefits (OPEB) liability and related deferred inflows and outflows of resources
    - Net pension liability and related deferred inflows and outflows of resources
    - Key estimates related to leases, public-private partnerships, and subscription-based information technology arrangements – discount rate, term, and payments/receipts
    - Depreciation
  - Financial Statement Disclosures
    - Net pension liability
    - Total OPEB liability
    - Leases
    - Public-Private Partnerships
    - Subscription-Based Information Technology Arrangements

# Audit Scope and Results (cont.)

- Audit Adjustments
  - Proposed audit adjustments recorded:
    - None
  - Proposed audit adjustments not recorded:
    - None



## Audit Scope and Results (cont.)

- Auditor's Judgments About the Quality of the Town's Accounting Principles
  - Adoption of GASB Statements No. 94 and 96
- Significant Issues Discussed with Management During the Audit Process
  - Implementation of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
  - Implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

# Future Pronouncements and Other Matters

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# Accounting Updates - GASB Statement No. 101, *Compensated Absences*

## Summary

- Updates the recognition and measurement guidance for compensated absences under a unified model.
- Defines compensated absences and requires that liabilities be recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.
- Liability for compensated absences should be accounted for and reported on a basis consistent with governmental fund accounting principles for financial statements prepared using the current financial resources measurement focus.
- GASB 96 is effective for the Town's 2025 fiscal year. Earlier application is encouraged.

## Potential Impact

- GASB 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change).
- No longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.
- The changes adopted at transition to conform to the provisions of GASB 101, should be reported as a change in accounting principle in accordance with GASB 100, including the related display and disclosure requirements

## Accounting Updates - GASB Statement No. 102, *Certain Risk Disclosures*

- This statement requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The statement includes four nonauthoritative examples of concentrations and constraints, including a financial resource provider, collective bargaining, mandated spending, and an employer concentration.
- GASB 102 is effective for the Town's fiscal year ended September 30, 2025.

# Other Matters

- Meeting the Increasing Challenges of Cybersecurity
  - Cybersecurity Risk Assessment
    - Identifies possible threats to organizations and can help determine how well the organization can prevent, detect and respond to cyber-attacks
    - Addresses cybersecurity risk in the context of business risk and uses generally accepted frameworks
  - State of Texas Cybersecurity Awareness Training – annual basis – must be completed by August 31<sup>st</sup> each year

# Financial Overview Discussion

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# General Fund – Unassigned Fund Balance

The Town has adopted a financial standard to maintain a General Fund minimum fund balance of 30% of budgeted expenditures.

Unassigned Fund Balance at 9/30/23	Adopted FY2024 Budget Total Expenditures	Unassigned Fund Balance as % of Adopted FY2024 Budget Total Expenditures
\$20,023,732	\$48,155,864	41.6%

# Texas Municipal Retirement System (TMRS) Pension Funded Status As of Measurement Year 2022 (12/31/22)

Total Pension Liability	Fiduciary Net Position	Net Pension Liability	Percent Funded
\$169,078,831	\$140,394,280	\$28,684,551	83.03%



# Questions?

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# Thank you!

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