

City of Burleson, Texas

Single Audit Report
September 30, 2023

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**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and
City Council
City of Burleson, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burleson, Texas (the City), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on their response.

The Honorable Mayor and
City Council
City of Burleson, Texas

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
February 28, 2024

**Independent Auditor's Report on Compliance for
Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule
of Expenditures of Federal Awards Required by the Uniform Guidance**

To the Honorable Mayor and
City Council
City of Burleson, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Burleson's (the City's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

The Honorable Mayor and
City Council
City of Burleson, Texas

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The Honorable Mayor and
City Council
City of Burleson, Texas

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burleson as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Burleson's basic financial statements. We issued our report thereon, dated February 28, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
February 28, 2024

City of Burleson, Texas

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2023

I. Summary of the Auditor's Results:

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not
considered a material weakness? _____ X Yes _____ None Reported
- c. Noncompliance material to financial
statements noted? _____ Yes X No

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified? _____ Yes X No
- Significant deficiency (ies) identified that are not
Considered a material weakness? _____ Yes X None Reported
- e. An unmodified opinion was issued on compliance for the major Federal program.
- f. Any audit findings disclosed that were required to be
reported in accordance with 2 CFR 200.516(a)? _____ Yes X No
- g. Identification of major program:

<u>Program/Cluster Name</u>	<u>Assistance Listing Number</u>	<u>Amount</u>
COVID-19 - American Rescue Plan Act	21.027	\$ 4,942,629

- h. The dollar threshold used to distinguish between type A
and type B programs. \$750,000
- i. Auditee qualified as a low-risk auditee? _____ X Yes _____ No

City of Burleson, Texas
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*:

Finding 2023-001

Recording of Construction Project Costs

Criteria: Audit procedures identified that costs related to various construction projects were improperly recorded in the City's financial statements.

Condition: The City entered into multiple agreements for the construction of assets. During fiscal year 2023, the City contributed approximately \$12.7M to the City of Fort Worth for the construction of a sewer line to be owned and operated by the City of Fort Worth upon completion of the project. The City improperly capitalized this payment. The City also entered into an agreement with a developer for the construction of street infrastructure to be owned by the City upon completion. Project costs incurred on this project as of September 30, 2023, including retainage payable, were not properly accrued as of year end.

() Compliance Finding (X) Significant Deficiency () Material Weakness

Context/Cause: Terms of the agreements were not applied consistently with GAAP and the assets related to the project were either improperly capitalized or improperly excluded from recording to fiscal year 2023.

Effect or Potential Effect: Correcting entries were posted in order to properly recognize the construction projects.

Recommendation: The City should review invoices and agreements entered into to determine the amounts to be recorded to the current fiscal year and to determine if costs incurred should be expensed or capitalized based on ownership of the resulting assets.

Responsible Official's Response: See Corrective Action Plan

III. Findings and Questioned Costs for Federal Awards:

There were no matters reported

City of Burleson, Texas
Summary of Prior Audit Findings
For the Year Ended September 30, 2022

IV. Summary of Prior Year Findings

There were no matters reported

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Burleson, Texas 76028-4261
817-426-9627

Finding 2023-001: - Recording of Construction Project Costs

In the project budget process, Finance will review the agreement with Project Manager, and ensure the project budgeted in a proper account line. During the routine monthly review of capital expense line items, Staff will take care to review all invoices to determine if these expenses should be capitalized. If it is determined the invoice should not be coded to a capital line, the expense will be reclassified to an operating account. Any invoice that involves an agreement with a developer or other government entity will be reviewed with the Assistant Finance Director to make sure the expense is being treated appropriately. If it is still unclear if the invoice should be capitalized, Staff will consult with the project manager to determine ownership or review with the City's auditor.

Responsible Official: John Butkus
Implementation Date: 2/28/2024

City of Burleson, Texas

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
<u>U.S. Department of Treasury</u>			
Direct Awards			
COVID-19 - American Rescue Plan Act	21.027	N/A	\$ 4,882,629
Total Direct Awards			<u>4,882,629</u>
Passed through Texas Office of the Governor			
COVID-19 - Victims of Crime Act Formula Grant Program	21.027	3780304	60,000
Total Texas Office of the Governor			<u>60,000</u>
Total U.S. Department of Treasury			<u>4,942,629</u>
<u>Institute of Museum and Library Services</u>			
Passed through the Texas State Library and Archives Commission			
ILL Lending Reimbursement Program	45.310	LS-249990-OLS-22	1,793
Total Texas State Library and Archives Commission			<u>1,793</u>
Total Institute of Museum and Library Services			<u>1,793</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Texas Department of Emergency Management			
COVID-19 Vaccine Public Assistance Grant	97.036	4485DRTXP0000001	11,364
Total Texas Department of Emergency Management			<u>11,364</u>
Total U.S. Department of Homeland Security			<u>11,364</u>
Total Expenditures of Federal Awards			<u>\$ 4,955,786</u>

City of Burleson, Texas
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting as described in Note 1 to the basic financial statements for the year ended September 30, 2023. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

The City elected not to use the de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.