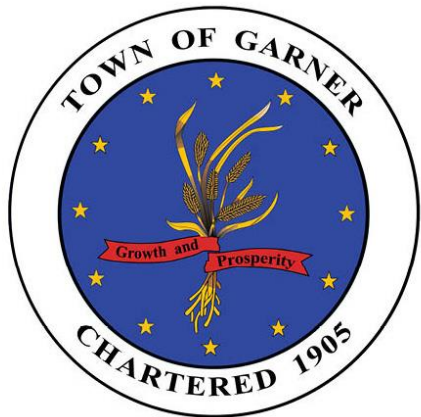


# GARNER

*A Great Place to Be*



**Presentation of  
Annual Audit Results  
December 19, 2023**



# Meeting Agenda

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- Engagement Team
- Results of the 2023 Audit
- Financial Trends
- Comments, Recommendations, and Other Issues
- Questions

# Engagement Team

## MAULDIN & JENKINS BY THE NUMBERS



CONSISTENTLY RANKED AS A TOP ACCOUNTING FIRM IN THE U.S.

**100+ year**  
HISTORY  
OF QUALITY SERVICE

**Serve 700+**  
GOVERNMENT CLIENTS

GOVERNMENTAL PARTNERS **18**



**140+**

TEAM MEMBERS DEDICATED TO SERVING THE GOVERNMENTAL INDUSTRY



VISION

*To be a trusted advisor, earning trust and building respect through our consistent commitment to sustainable excellence, leadership, and integrity.*



**300+**

SINGLE AUDITS PERFORMED LAST YEAR COVERING OVER \$5.3 BILLION OF FEDERAL GRANTS



**156,000+**

HOURS ANNUALLY PROVIDED TO GOVERNMENTAL CLIENTS

**175+**

CURRENT CLIENTS AWARDED THE GFOA CERTIFICATE OF EXCELLENCE

**6**

STATES

**14**

OFFICES



## Engagement Team Leaders

- Tim Lyons, CPA, CGMA – Engagement Lead Partner
- Tesla Plitt – Engagement In-Charge
- Brian Nicholson, CPA – Engagement Quality Control Reviewer

## Results of 2023 Audit

- Our Responsibility Under Auditing Standards Generally Accepted in the United States of America (GAAS) and *Government Auditing Standards*
  - Our audit was performed in accordance with GAAS and *Government Auditing Standards*.
  - We considered the internal control structure for the purpose of expressing our opinion on the Town’s basic financial statements and not for the purpose of providing assurance on the internal control structure.
  - Our objective is to provide reasonable—not absolute—assurance that the basic financial statements are free from material misstatement.
  - The basic financial statements are the responsibility of the Town’s management.
  
- Report on 2023 Basic Financial Statements
  - Unmodified (“clean”) opinion on basic financial statements.
  - Presented fairly in accordance with accounting principles generally accepted in the United States of America (GAAP).
  - Our responsibility does not extend beyond financial information contained in our report.
  
- Report on Internal Controls Over Financial Reporting and on Compliance in Accordance with *Government Auditing Standards*
  - No material weaknesses or significant deficiencies in internal control reported.
  - No instances of noncompliance reported.

# Results of 2023 Audit

- Single Audit Report for the Year Ended June 30, 2023
  - Conducted Single Audit in accordance with the Uniform Guidance and the State of North Carolina Single Audit Implementation Act:
    - One (1) major program required to be audited as major – Coronavirus State and Local Fiscal Recovery Funds (“ARPA”) - \$10,000,000 of the Town’s \$10.25 million in Federal Expenditures for the fiscal year.
    - No state programs were required to be audited as major as total expenditures of state awards were less than \$500,000.
  - Unmodified (“clean”) opinion on compliance for the major program.
  - No material weaknesses or significant deficiencies in internal control over compliance reported.



# Required Communications

- Significant Accounting Policies
  - The significant accounting policies used by the Town are described in Note 1 to the basic financial statements.
  - The Town was not required to implement any new accounting standards in the current year’s report.
  - In considering the policies used by the Town, we noted they are in accordance with generally accepted accounting principles and similar government organizations with no significant new policies or qualitative aspects of its policies. The Town is not involved in any controversial or emerging issues for which guidance is not available.
  - The Town was required to implement the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the current year financial statements.
- Management Judgment/Accounting Estimates
  - The Town uses various estimates as part of its financial reporting process – including the useful lives of the Town’s capital assets and actuarial assumptions related to its pension (LGERS and LEOSSA) and other postemployment benefit (OPEB) obligations.
  - Management’s estimates used in preparation of the financial statements were deemed reasonable in relation to the financial statements taken as a whole. We considered this information and the qualitative aspects of management’s calculations in evaluating the Town’s significant accounting estimates.

## Required Communications (Continued)

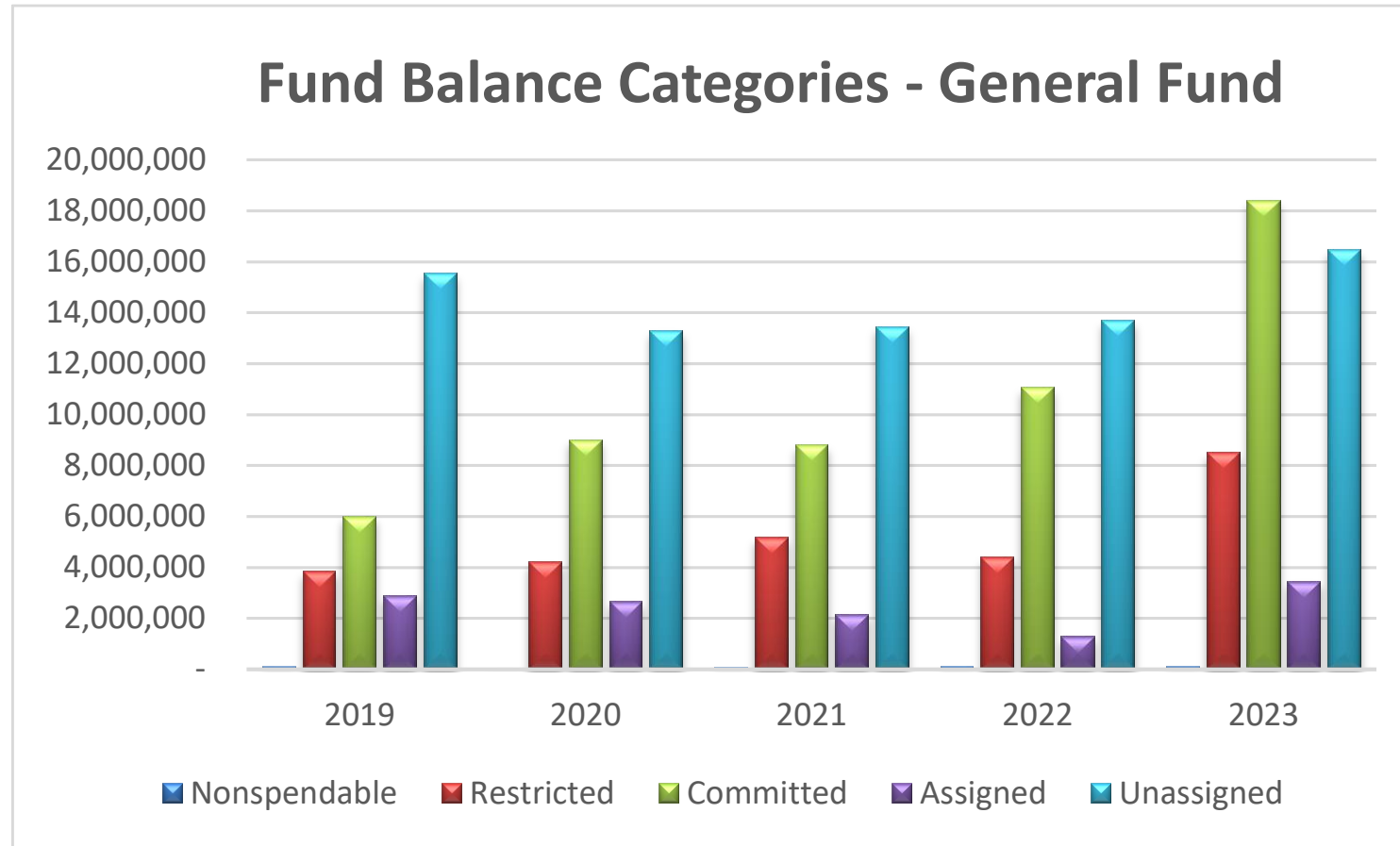
- Financial Statement Disclosures
  - The footnote disclosures to the financial statements are also an integral part of the financial statements and the process used by management to accumulate the information included in the disclosures was the same process used in accumulating the statements. The overall neutrality, consistency, and clarity of the disclosures was considered as part of our audit.
- Relationship with Management
  - We received full cooperation from the Town’s management and staff.
  - There were no disagreements with management on accounting issues or financial reporting matters.
- Audit Adjustments
  - We had no passed adjustments during the current year audit.
- Representation from Management
  - We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.

## Required Communications (Continued)

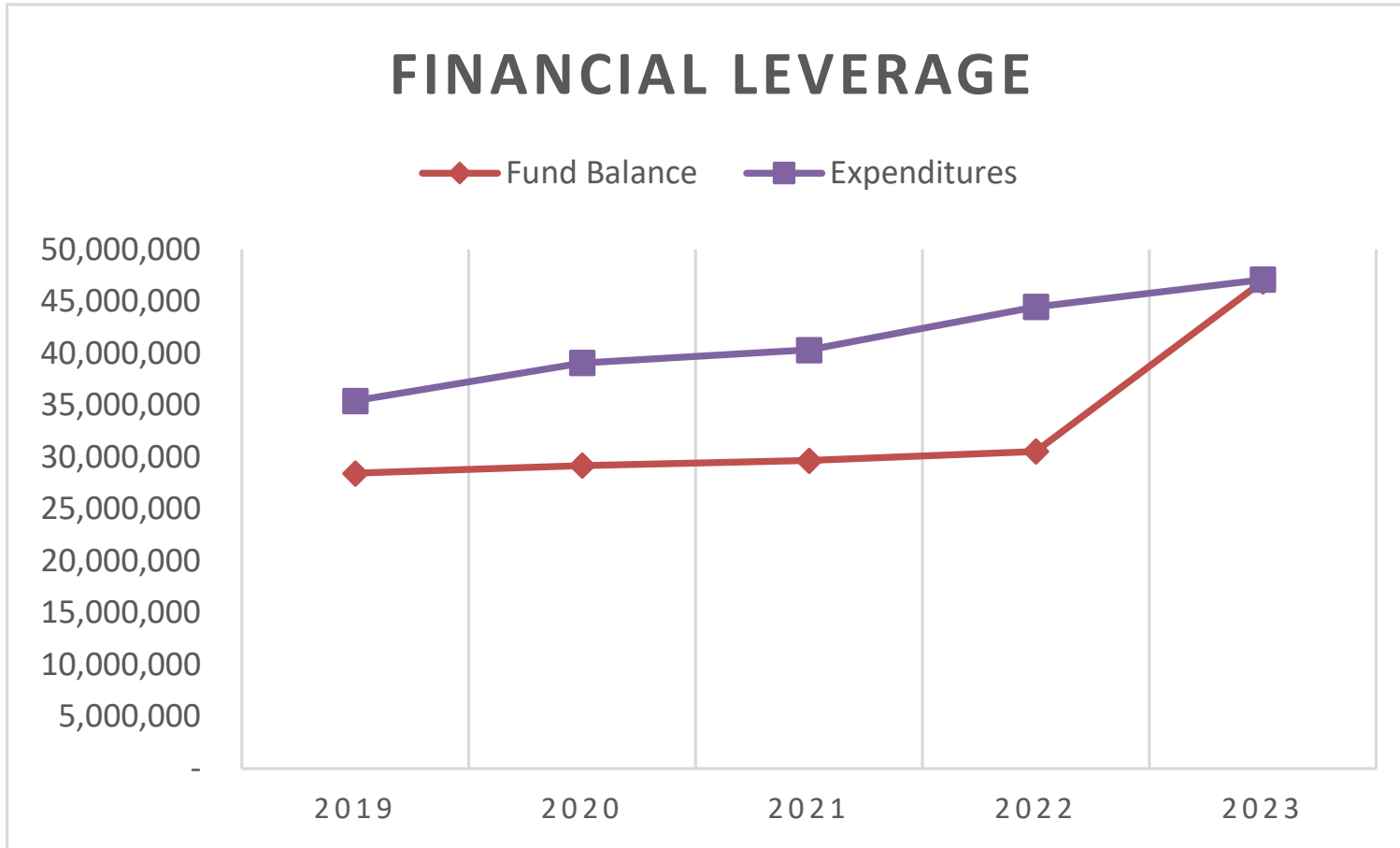
- Consultation with Other Accountants
  - To the best of our knowledge, management has not consulted with, or obtained opinions from, other independent accountants during the year, nor did we face any issues requiring outside consultation.
- Significant Issues Discussed with Management
  - There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements.
- Information in Documents Containing Audited Financial Statements
  - Our responsibility for other information in documents containing the Town’s basic financial statements and our report thereon does not extend beyond the information identified in our report. If the Town intends to publish or otherwise reproduce the financial statements and make reference to our firm, we must be provided with printers’ proof for our review and approval before printing. The Town must also provide us with a copy of the final reproduced material for our approval before it is distributed.
- Auditor Independence
  - In accordance with AICPA professional standards, M&J is independent with regard to the Town and its financial reporting process.
  - There were no fees paid to M&J for management advisory services during fiscal year 2023 that might affect our independence as auditors.



## Financial Trends – Composition of Fund Balance



## Financial Trends – Fund Balance vs. Expenditures



### Fund Balance / Expenditures

- 2023: 99% (35% unassigned)
- 2022: 69% (31% unassigned)
- 2021: 74% (34% unassigned)
- 2020: 75% (34% unassigned)
- 2019: 80% (44% unassigned)



## Comments & Other Matters

### □ New GASB Pronouncements for Future Years

- GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. Applicable for June 30, 2025.

### □ Other Matters Currently Being Considered by GASB

- Financial reporting model changes
- Revenue and expense recognition
- Other Footnote Disclosures
  - Risks and uncertainties
  - Capital and other nonfinancial assets
  - Going concern and severe financial stress
  - Subsequent events

## Free Client CPE!

### FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS

**Free Continuing Education.** We provide free quarterly continuing education for all of our governmental clients. Each quarter we pick a couple of significant topics tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking among our governmental clients. Examples of subjects addressed in the past few quarters include:

- CAFR Preparation - GASB Updates - Grant Accounting Processes and Controls - GASB 68 (Pensions) – GASB 75 (OPEB)
- Internal controls over revenue and cash receipting and accounts payable, payroll, and cash disbursements
- CARES Act (ARRA) information, issues and updates - Single audits for auditees
- Collateralization of Deposits and Investments - Internal Controls over Accounts Payable, Payroll and Controls
- Policies and Procedures Manuals - Segregation of Duties – GASB 87 (Leases)
- Data Security and General Information Technology Controls and Best Practices

**Communication.** In an effort to better communicate our free continuing education plans and newsletters, please email Paige Vercoe at [pvercoe@mjcpa.com](mailto:pvercoe@mjcpa.com) (send corresponding copy to [tlyons@mjcpa.com](mailto:tlyons@mjcpa.com)), and provide to her individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database.

## Comments and Questions?

**We appreciate the opportunity to serve the Town of Garner and look forward to continuing to work with the Town in upcoming years!**