

MEMORANDUM

TO: Claire Powell, City Manager

FROM: David Erb, Director of Finance

DATE: March 18, 2024

**SUBJECT: ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR
FISCAL YEAR ENDING SEPTEMBER 30, 2023**

BACKGROUND

The independent annual audit of the City's financial statements is complete. The 2023 Annual Comprehensive Financial Report (ACFR) is provided in compliance with the City Council's Finance Policy Statement 3.0 Section I. The report includes the auditor's opinion statement regarding the financial statement presentation. Also being provided are the Single Audit reports on Federal Financial Assistance (SEFA) and State Financial Assistance (SESA). These two reports capture the City's expenditure of federal and state funds (grants) during the fiscal year. The Popular Annual Financial Report (PAFR) accompanies the ACFR. The PAFR is intended to provide selected information on the City's financial condition in a summarized, easily understandable format.

The City's external auditors, Weaver, LLP will provide a short presentation during the workshop as part of their required communications according to generally accepted auditing standards.

The auditor's opinion statement can be found starting on the first page of the Financial Section of the ACFR and states that in their opinion the financial statements present fairly, in all material respects, the respective financial position of the government activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

This audit report is relied upon by a wide variety of interested parties, not just management, and therefore, must be designed to serve a broad range of potential users. The audit report can best be described as *general-purpose external financial reporting* and is intended to meet the needs of those who do not have direct access to the financial information. General-purpose external financial reporting is governed by generally accepted accounting principles (GAAP), which may or may not be consistent with the approach taken to calculating and presenting data for budgetary purposes. For state and local governments, GAAP is determined by the authoritative accounting and financial reporting standard-setting body called Governmental Accounting Standards Board (GASB).

Within this audit report, different types of information are presented in different ways to accurately reflect the various activities of city government and satisfy the different measurement focuses of each activity. Government-wide statements are presented to reflect operational accountability of the City as a whole. Fund accounting is used to segregate certain resources for specific activities or objectives in accordance with special regulations, restrictions, or limitations to facilitate the assessment of stewardship and compliance. Additionally, budgetary comparisons are presented to report fiscal accountability.

ANALYSIS

Financial highlights of the ACFR include:

- The assets and deferred outflows of resources of the City of Lewisville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ending September 30, 2023 by \$907,252,577 (net position). Of this amount, \$170,584,510 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Lewisville's total net position increased by \$73,263,405 for the year ending September 30, 2023, which was due to an increase in governmental activities net position of \$51,970,607 and an increase in business-type activities net position of 21,292,798.
- As of September 30, 2023, the City of Lewisville's governmental funds reported combined ending fund balances of \$285,164,322, an increase of \$34,580,784 in comparison with the prior fiscal year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$46,129,365 or approximately 45.3 percent of total general fund expenditures.
- The City's total outstanding debt increased by \$50,334,000 during the current fiscal year primarily due to issuance of debt to refund existing debt and for funding future capital projects.

Please refer to the Management's Discussion and Analysis, Transmittal Letter, and accompanying financial statements found in the full ACFR for more details on the City's financial condition.

CITY STAFF'S RECOMMENDATION

That City Council accept the Annual Comprehensive Financial Report as set forth in the caption above.