

Town of Copper Canyon, Texas

Audit Presentation

For the year ended September 30, 2022





Overview of Services

- Financial Statement Audit performed in accordance with *Government Auditing Standards*



Reports Issued

“Independent Auditor’s Report”

Unmodified Opinion, which states:

“In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Town of Copper Canyon, Texas as of September 30, 2022, and the changes in net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. (GAAP)”



Reports Issued, continued

“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*”

- No material weaknesses, significant deficiencies, or instances of noncompliance were identified



Table A-1
Town's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 5,006,037	\$ 4,145,744	\$ 17,444	\$ -	\$ 5,023,481	\$ 4,145,744
Capital assets, net	9,353,674	9,641,378	1,049,914	-	10,403,588	9,641,378
Total assets	14,359,711	13,787,122	1,067,358	-	15,427,069	13,787,122
Deferred outflows of resources	29,019	27,687	-	-	29,019	27,687
Current and other liabilities	887,218	902,860	1,305	-	888,523	902,860
Long-term debt	1,430,000	1,805,000	-	-	1,430,000	1,805,000
Total liabilities	2,317,218	2,707,860	1,305	-	2,318,523	2,707,860
Deferred inflows of resources	40,516	16,692	-	-	40,516	16,692
Net assets						
Net investment in capital assets	7,548,674	8,929,941	1,049,914	-	8,598,588	8,929,941
Restricted	943,669	501,347	6,773	-	950,442	501,347
Unrestricted	3,538,653	1,658,969	9,366	-	3,548,019	1,658,969
Total net assets	\$12,030,996	\$11,090,257	\$ 1,066,053	\$ -	\$13,097,049	\$11,090,257

Town of Copper Canyon, Texas – Financial Statements



Table A-2
Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 1,035,879	\$ 782,811	\$ 24,606	\$ -	\$ 1,060,485	\$ 782,811
Operating grants and contributions	75	-	-	-	75	-
Capital grants and contributions	813,458	1,402,273	1,049,914	-	1,863,372	1,402,273
General revenues:						
Property taxes	938,814	875,635	-	-	938,814	875,635
Sales taxes	224,705	170,310	-	-	224,705	170,310
Franchise fees	148,947	111,687	-	-	148,947	111,687
Miscellaneous	100	-	-	-	100	-
Investment earnings	16,381	15,749	-	-	16,381	15,749
Total revenues	3,178,359	3,358,465	1,074,520	-	4,252,879	3,358,465
Expenses						
General government	540,383	540,784	-	-	540,383	540,784
Public safety	398,051	390,727	-	-	398,051	390,727
Public works	1,269,403	1,237,694	-	-	1,269,403	1,237,694
Interest on long-term debt	29,783	64,169	-	-	29,783	64,169
Wastewater services	-	-	8,467	-	8,467	-
Total expenses	2,237,620	2,233,374	8,467	-	2,246,087	2,233,374
Increase in net assets	\$ 940,739	\$ 1,125,091	\$ 1,066,053	\$ -	\$ 2,006,792	\$ 1,125,091



Table A-3
Governmental Funds Revenues, Expenditures, and Changes in Fund Balance

	2022	2021
Revenues		
Property taxes	\$ 919,430	\$ 917,377
Sales taxes	224,705	170,310
Franchise fees	148,947	111,687
Permits and fees	831,879	540,285
Municipal court	204,000	231,322
Intergovernmental revenues	885,963	1,329,844
Miscellaneous revenues	3,401	11,204
Interest income	16,381	15,749
Proceeds from the issuance of debt	-	525,000
Total Revenues	3,234,706	3,852,778
Expenditures		
General government	537,913	484,230
Public safety	401,516	392,779
Public works - roads and drainage	186,191	157,503
Debt service	403,883	424,233
Capital outlay	814,956	1,764,820
Total Expenditures	2,344,459	3,223,565
Excess revenues over expenditures	\$ 890,247	\$ 629,213



TOWN OF COPPER CANYON, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2021

	2014	2015	2016	2017	2018	2019	2020	2021
Total pension liability								
Service Cost	\$ 25,302	\$ 34,518	\$ 32,364	\$ 37,330	\$ 36,709	\$ 37,515	\$ 41,424	\$ 49,101
Interest (on the total pension liability)	17,181	20,559	23,391	25,919	29,288	33,092	36,149	40,483
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	4,489	(804)	(3,954)	2,843	3,172	(16,999)	(249)	(78)
Change of assumptions	-	9,046	-	-	-	6,677	-	-
Benefit payments, including refunds of employee contributions	(3,328)	(3,328)	(15,493)	(18,166)	(13,565)	(12,874)	(21,032)	(12,874)
Net change in pension liability	43,644	59,991	36,308	47,926	55,604	47,411	56,292	76,632
Total pension liability - beginning	234,461	278,105	338,096	374,404	422,330	477,934	525,345	581,637
Total pension liability - ending	<u>\$ 278,105</u>	<u>\$ 338,096</u>	<u>\$ 374,404</u>	<u>\$ 422,330</u>	<u>\$ 477,934</u>	<u>\$ 525,345</u>	<u>\$ 581,637</u>	<u>\$ 658,269</u>
Plan fiduciary net position								
Contributions - Employer	\$ 8,192	\$ 22,304	\$ 21,862	\$ 29,237	\$ 27,863	\$ 27,638	\$ 33,487	\$ 36,893
Contributions - Employee	11,730	13,453	12,253	14,713	14,501	14,836	17,638	20,996
Net investment income	13,185	384	19,800	45,912	(12,074)	64,915	39,043	76,081
Benefit payments, including refunds of employee contributions	(3,328)	(3,328)	(15,493)	(18,166)	(13,565)	(12,874)	(21,032)	(12,874)
Administrative expense	(138)	(234)	(223)	(238)	(233)	(366)	(252)	(350)
Other	(11)	(12)	(12)	(11)	(12)	(10)	(11)	2
Net change in plan fiduciary net position	29,630	32,567	38,187	71,447	16,480	94,139	68,873	120,748
Net fiduciary position - beginning	230,467	260,097	292,664	330,851	402,298	418,778	512,917	581,790
Net fiduciary position - ending	<u>\$ 260,097</u>	<u>\$ 292,664</u>	<u>\$ 330,851</u>	<u>\$ 402,298</u>	<u>\$ 418,778</u>	<u>\$ 512,917</u>	<u>\$ 581,790</u>	<u>\$ 702,538</u>
Net pension liability (a) - (b)	<u>\$ 18,008</u>	<u>\$ 45,432</u>	<u>\$ 43,553</u>	<u>\$ 20,032</u>	<u>\$ 59,156</u>	<u>\$ 12,428</u>	<u>\$ (153)</u>	<u>\$ (44,269)</u>



Report to those Charged with Governance

- No significant or unusual transactions identified
- No significant issues, difficulties, or disagreements with management
- Significant estimates include management's estimate of the allowance for doubtful accounts receivable, depreciable lives of capital assets, and calculations of the net pension asset and total OPEB liability



Management Letter

Capitalization Policy

Comment: The Town's capitalization policy for recording property and equipment additions is currently set at \$1,000. As prices have inflated over the years this has resulted in more items exceeding the threshold which requires them to be recorded as long-term assets and tracked for continued use and eventual disposal.

Recommendation: We recommend that the Town increase its capitalization threshold from \$1,000 to \$2,500 or \$5,000 to lessen the administrative burden required to track numerous small value items.



Thank you!

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