

Presentation to

# Town of Fairview

Council Meeting | March 3, 2020

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# Overview

- ▶ Introduction
- ▶ Audit Process
- ▶ Audit Results and Communications
- ▶ Financial Highlights
- ▶ Questions



A hand is holding a white rectangular card in the center of the frame. The card has the word "INTRODUCTIONS" written on it in a bold, black, sans-serif font. The background is a solid, bright yellow color. The hand is positioned at the bottom of the card, with the thumb and index finger visible, holding the card steady.

**INTRODUCTIONS**

# Meet Weaver



## The Firm of Texas

Weaver is the largest independent accounting firm based in Texas, and in the Southwest — as well as a Top 40 firm nationwide.



**7**

Texas Offices

**700**

Employees

**100+**

Partners

# Engagement Leadership



## John DeBurro, CPA | Partner, Assurance Services

- ▶ Audit engagement partner
- ▶ 21 years of experience
- ▶ Practice emphasis in auditing cities, school districts, and nonprofit agencies

## Claire Wootton, CPA | Senior Manager, Assurance Services

- ▶ Audit manager
- ▶ 9 years of experience
- ▶ Practice emphasis in auditing cities, school districts and nonprofit agencies

### **THERE WHEN YOU NEED US.**

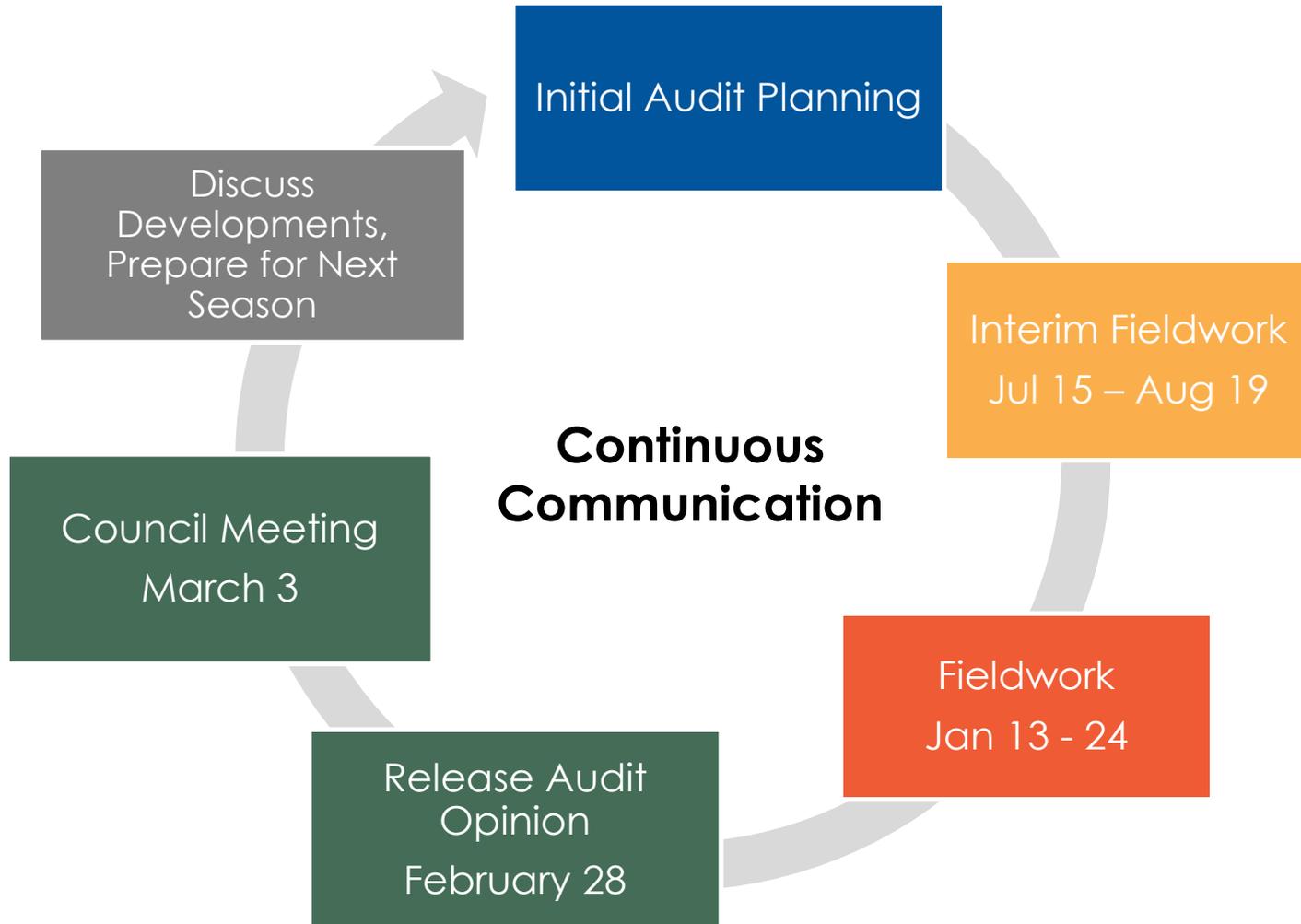
Remember: Weaver is your auditor all year; we are always available to answer routine questions.



The image features four interlocking puzzle pieces arranged in a 2x2 grid. The top-left piece is yellow, the top-right is cyan, the bottom-left is red, and the bottom-right is lime green. The pieces are 3D-rendered with soft shadows on a white background. The text 'AUDIT PROCESS' is centered on the lime green piece.

**AUDIT PROCESS**

# The Audit Cycle



# Audit Process



**Audit Standards** — Performed the audit in accordance with Generally Accepted Auditing Standards (GAAS) and Generally Accepted Government Auditing Standards (GAGAS)



**Compliance** — Performed tests of the Town's compliance with certain provisions of laws, regulations, contracts and grant agreements, including items such as compliance with the Public Funds Investment Act.

# Audit Process

▶ **Risk-based approach** focused on specific risks:

- » Cash
- » Long-Term Debt
- » Capital projects, purchasing, and compliance with bidding procedures
- » Payables, accrued liabilities, and expenditures
- » Enterprise fund receivables and revenue

▶ **Tested internal controls** over financial reporting

- » Cash disbursements
- » Payroll
- » Utility billing





# **AUDIT RESULTS AND COMMUNICATIONS**

# Audit Results:

## FINANCIAL STATEMENTS



<b>Type of Report Issued:</b>	<b>UNMODIFIED</b>
Internal control over financial reporting:	
Any material weakness(es) identified?	<b>NO</b>
Any significant deficiencies that are not material weaknesses?	<b>NONE REPORTED</b>
Any noted noncompliance material to financial statements?	<b>NO</b>

# Required Communications



## Communication

Auditor's responsibility under generally accepted auditing standards (GAAS)

## Description

The financial statements are the responsibility of the Town. Our audit was designed in accordance with GAAS in the U.S. and provides for reasonable rather than absolute assurance that the financial statements are free of material misstatement. Our responsibility is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

The audit of the fiscal year 2019 financial statements has been completed and we have issued an unmodified opinion.

# Required Communications



## Communication

Auditor's responsibility under Government Auditing Standards

## Description

In addition to the GAAS responsibilities, we are required to issue a written report on our consideration of internal controls and identify significant deficiencies, including material weaknesses, if any. Our report does not provide assurance on internal controls. We design our audit to provide reasonable assurance of detecting material misstatements resulting from noncompliance with provisions of contracts or grant agreements that have a direct or material effect on the financial statements. We issued a written report on the results of these procedures; however, our report does not express an opinion on compliance.

No material weaknesses identified, no significant deficiencies identified.

# Required Communications



## Communication

Unusual transactions and the adoption of new accounting principles

## Results

The significant accounting policies used by the Town are described in Note 1 to the financial statements.

Pronouncements implemented in 2019 include GASB Statement No. 83, and 88. The implementation had no significant effects on the financial statements.

We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus.

# Required Communications



Communication	Results
Difficulties encountered	No difficulties or disagreements arose during the course of our audit.
Management representations	We requested certain representations from management that were included in the management representation letter dated February 28, 2020.
Auditor independence	No independence issues noted.
Other information contained in documents containing audited financial statements	We performed limited procedures on the Management's Discussion and Analysis (MD&A) and Required Supplementary Information (RSI). We did not provide any assurance on this information.
Management judgments and accounting estimates	Management's estimates of uncollectible receivables, net pension and total OPEB liabilities and useful lives of capital assets were evaluated and determined to be reasonable in relation to the financial statements as a whole.

# Required Communications



Communication	Results
Audit adjustments and Passed adjustments	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.</p> <p>All audit adjustments were identified and communicated to management, and were corrected in FY19.</p> <p>In addition, there were no uncorrected misstatements identified as a result of our audit procedures.</p>
Other material written communications between Weaver and Tidwell, L.L.P., and the Town	Nothing to note

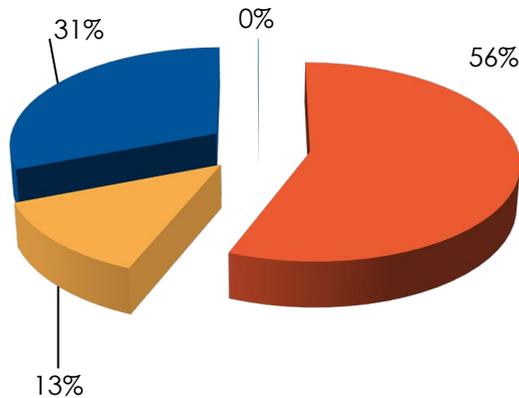
# **FINANCIAL HIGHLIGHTS**



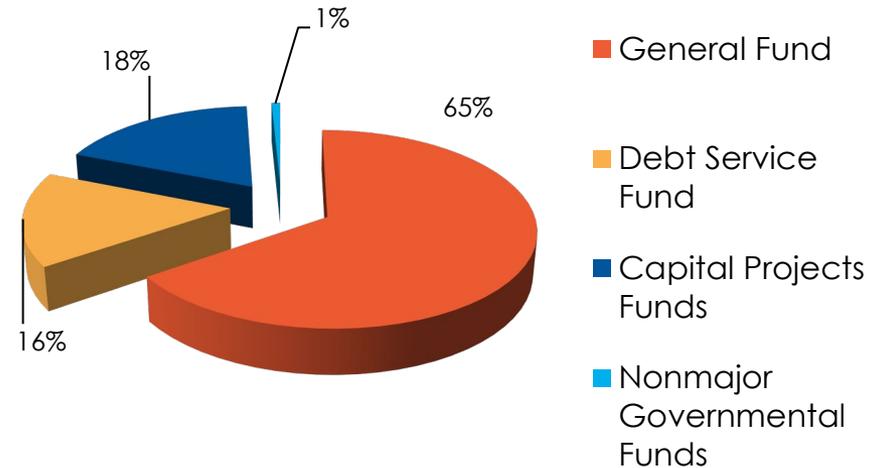
# Financial Highlights

## Comparison of Governmental Funds Expenditures by Fund (in millions of dollars)

### FY 2019



### FY 2018

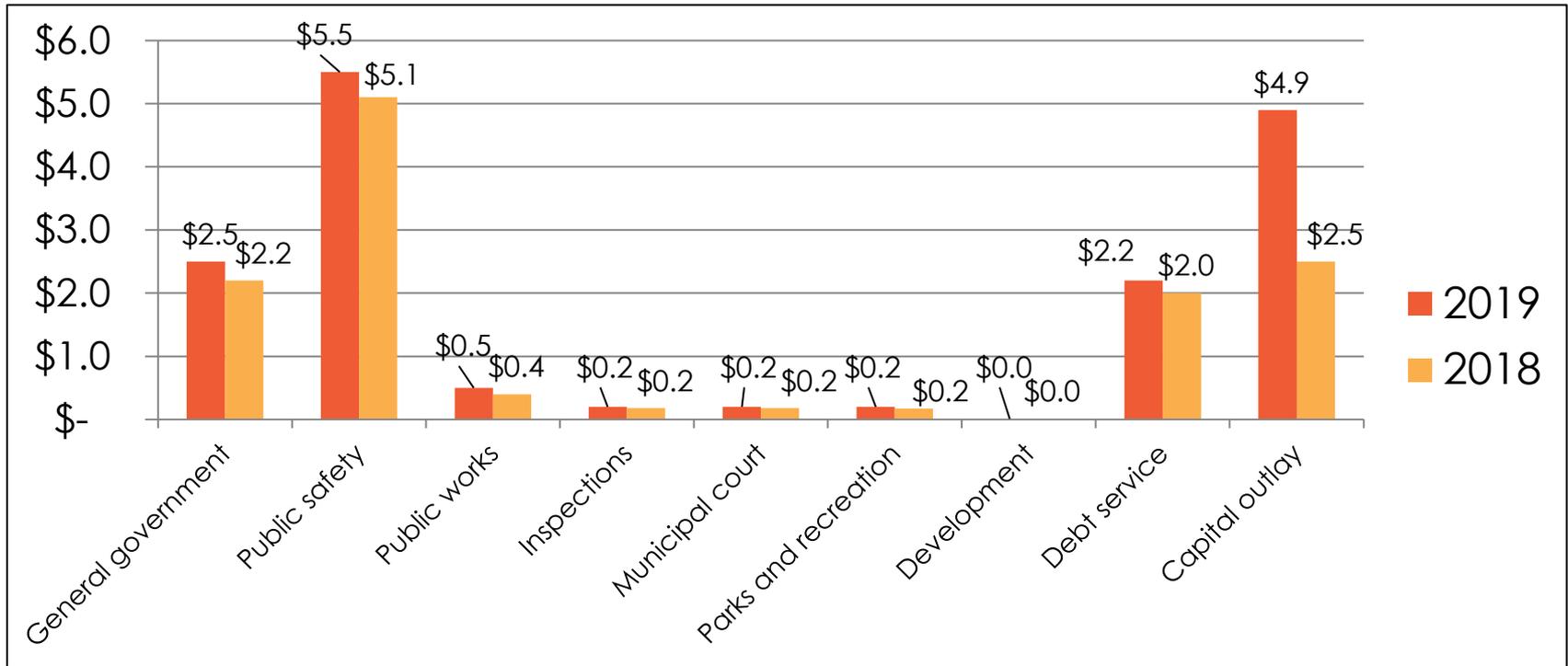


### **Governmental Funds Expenditures for FY 2019 totaled \$16.2 million, a \$3.4 million or 27% increase**

- Capital Outlay increased \$2.4 million due to increased capital projects and capital lease financing of fire truck.
- Public Safety expenditures increased \$459 thousand due to operations and equipment for police and fire.

# Financial Highlights

## Comparison of Governmental Funds Expenditures



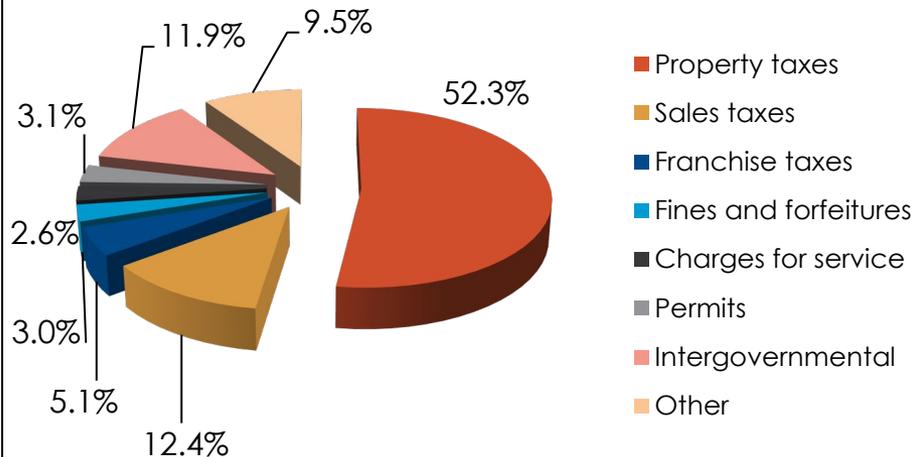
(2-year comparison – current year and prior year – in millions)

# Financial Highlights

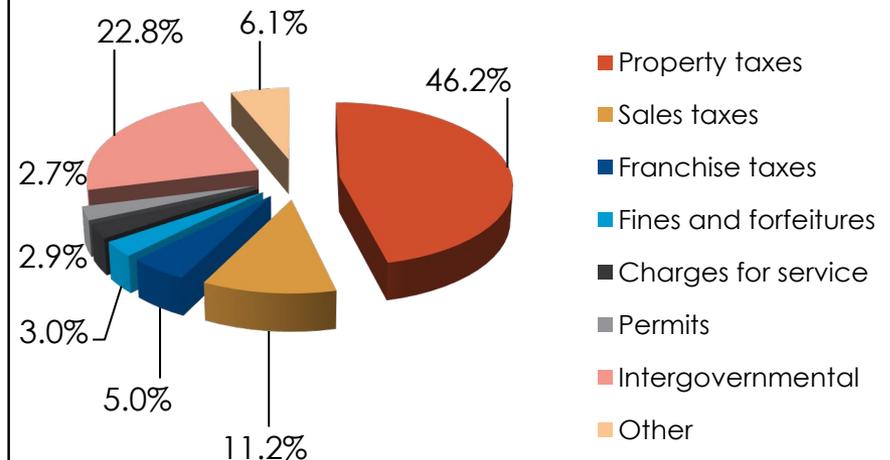
## Comparison of Governmental Revenues by Source

Governmental Revenues for FY 2019 totaled \$13.4 million, a \$418 thousand or 3% decrease. Decrease is primarily attributable to the net effect of a decrease in Intergovernmental Revenue (\$1.6 million) and an increase in Property Tax Revenue (\$621 thousand).

### FY 2019 Revenues

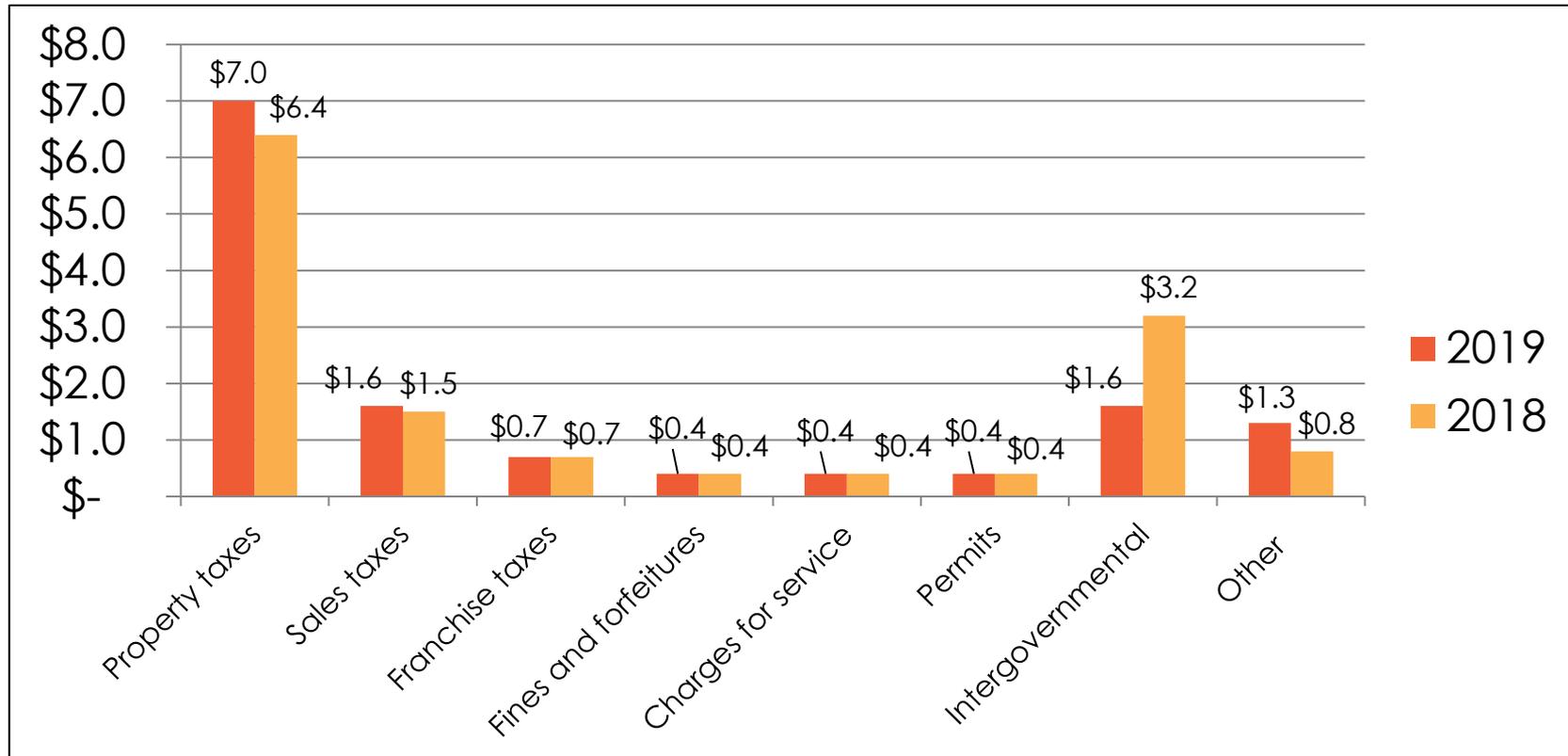


### FY 2018 Revenues



# Financial Highlights

## Comparison of Governmental Revenues by Source



(2-year comparison – current year and prior year – in millions)

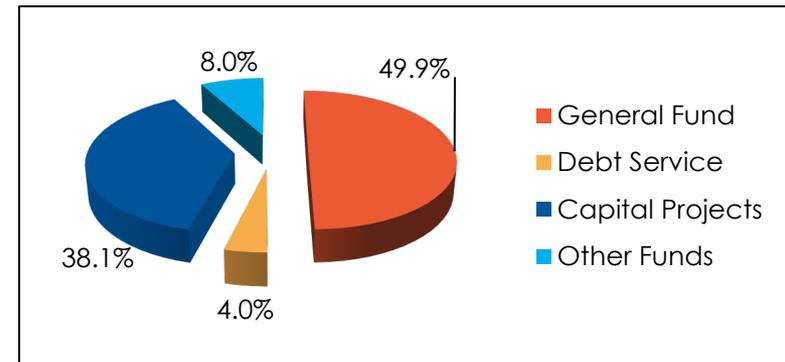
# Financial Highlights

## Fund Balances

### Governmental Funds' Fund Balances

As of September 30, 2019, the Town's governmental funds reported a combined ending fund balance of \$10.4 million as follows:

• General Fund	\$5,202,378
• Debt Service	418,130
• Capital Projects	3,976,943
• Other Funds	833,389
	<u>\$10,430,840</u>



- Overall, fund balance of the Governmental Funds decreased by \$1.6 million.
- Fund balance in the Capital Projects Fund decreased by \$2.2 million during fiscal year 2019. This decrease was due to the net effect of the \$1.6 million decrease in Intergovernmental revenue, combined with a \$2.6 million increase in capital outlay in FY19 for the continuation of East Stacy Rd construction/paving and Sloan Creek Trail.
- Nonmajor funds increased \$392 thousand (89% increase) due to increase in revenue (TIRZ and Hotel/Motel).

# Financial Highlights

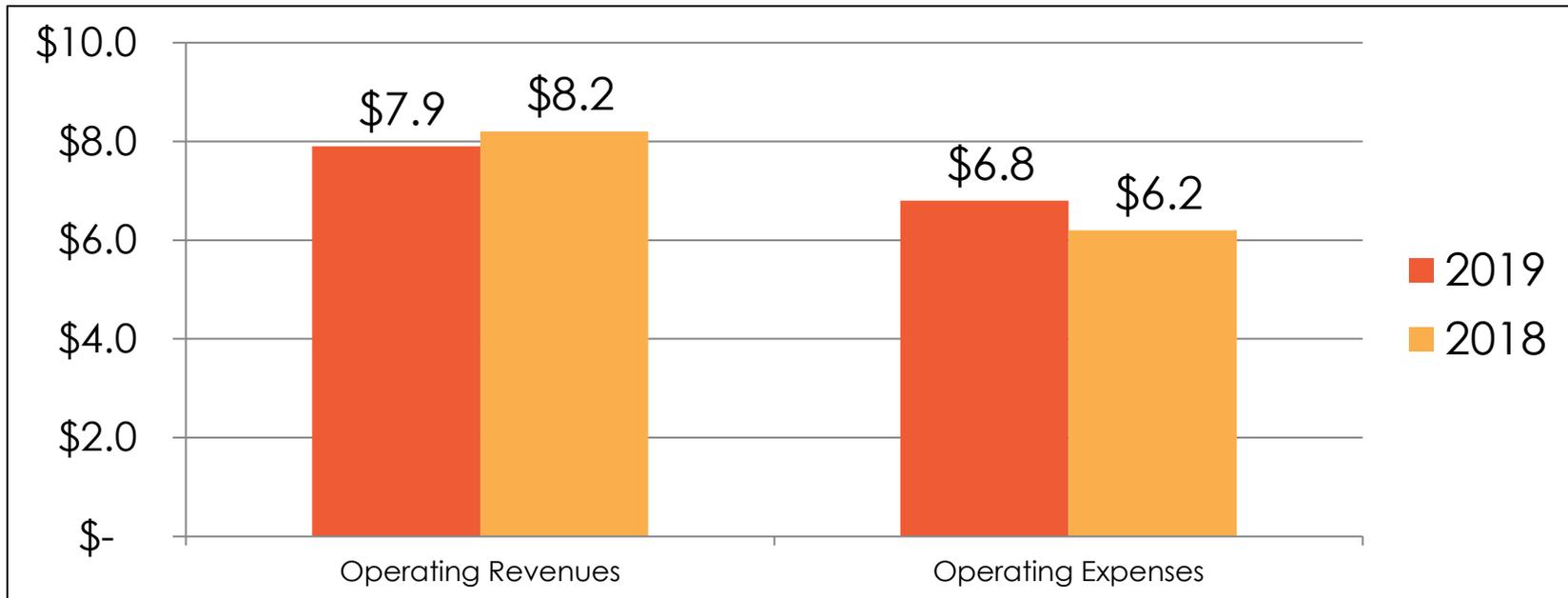
## Budgetary Highlights – General Fund

The Town had an unfavorable budget variance of \$15K (net change in fund balance):

- Actual revenues were \$197K more than budgeted.
  - Sales Taxes was \$46K above budget
  - Charges for Services was \$38K above budget
  - Permits and Interest Income were each \$37K above budget
  - Miscellaneous was \$44K above budget
- Actual expenditures were \$72K more than budgeted.
  - General Government was \$54K above budget
  - Public Safety was \$42K above budget
  - Public Works was \$23K below budget

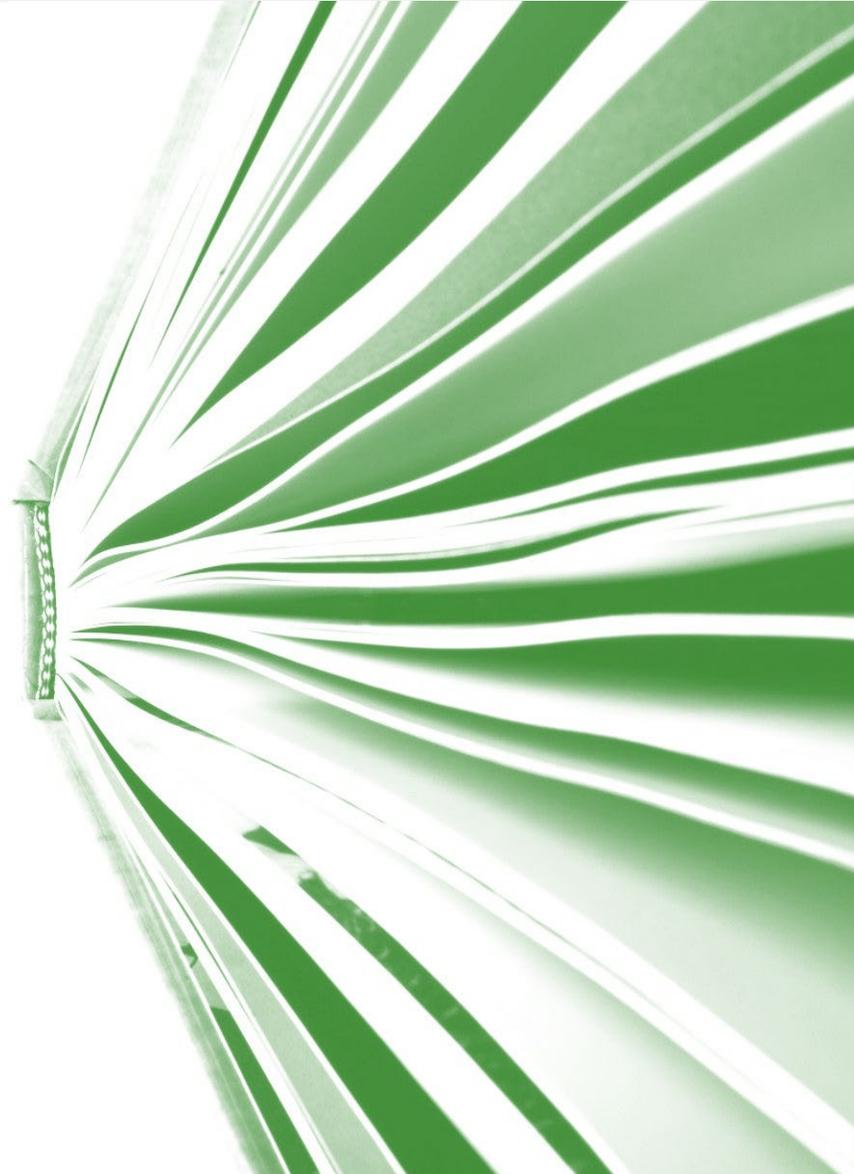
# Financial Highlights

## Comparison of Enterprise Funds Operating Revenues and Expenses – FY 2019 and the two prior years (in millions)



- Enterprise funds' net position increased by \$244 thousand during FY19.
- Operating revenues decreased \$366 thousand primarily due to a 21% decrease in consumption of water, which caused a \$480 thousand decrease in Water Revenue. Operating expenses increased \$566K due to higher water purchase and sewer treatment costs, increases in personnel costs, and repair and maintenance costs.

We appreciate the  
opportunity to work with  
**Town of Fairview**  
and look forward to our  
continued relationship.



# DISCUSSION

Contact Us



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