

Presentation to

Town of Fairview

Council Meeting | April 2, 2019



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 from underneath.

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

Claire Wootton, CPA | Manager, Assurance Services

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

THERE WHEN YOU NEED US.

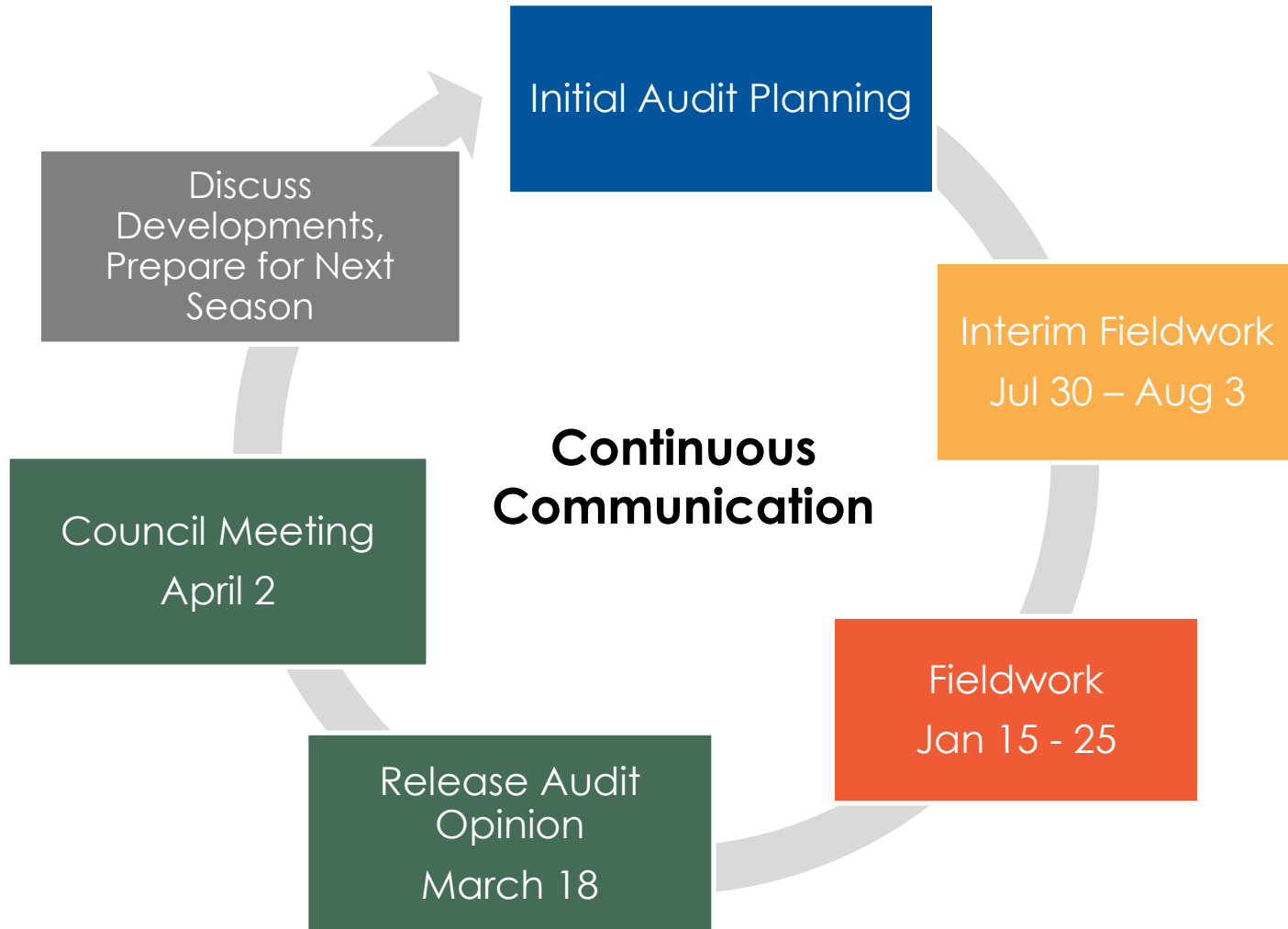
Remember: Weaver is your auditor all year; we are always available to answer routine questions.



The image features four interlocking puzzle pieces arranged in a cluster. The pieces are colored yellow, cyan, red, and lime green. The text "AUDIT PROCESS" is overlaid on the lime green piece in a bold, black, sans-serif font.

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





AUDIT RESULTS AND COMMUNICATIONS

Audit Results:

FINANCIAL STATEMENTS

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

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 2018 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.

New GASB pronouncements implemented in 2018 include GASB Statement No. 75. The effect of the implementation of GASB Statement No. 75 is the retroactive recognition of an OPEB liability (TMRS Supplemental Death Benefit).

Other pronouncements implemented in 2018 include GASB Statement No. 81, 82, 85, 86, and 89. 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 March 18, 2019.
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 FY18.</p> <p>Only passed adjustment was the effect of the removal of the land from the Noah's sale on beginning net position, as it was not removed from the capital asset register in FY17. Instead this effect was run through CY.</p>
Other material written communications between Weaver and Tidwell, L.L.P., and the Town	Nothing to note

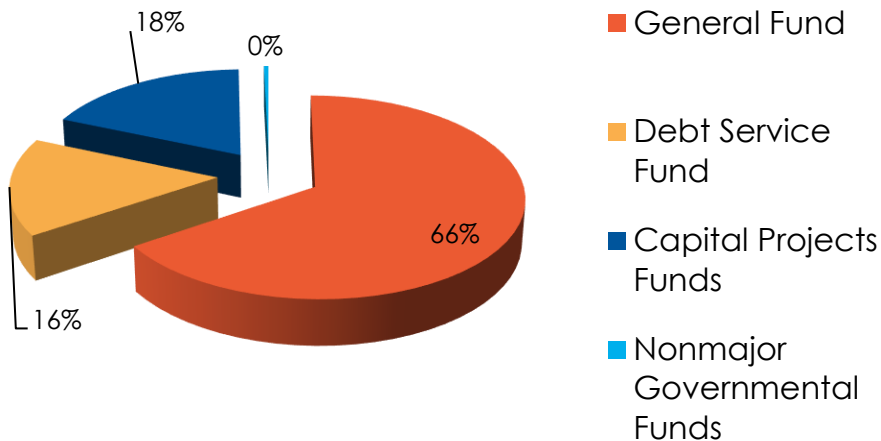
FINANCIAL HIGHLIGHTS



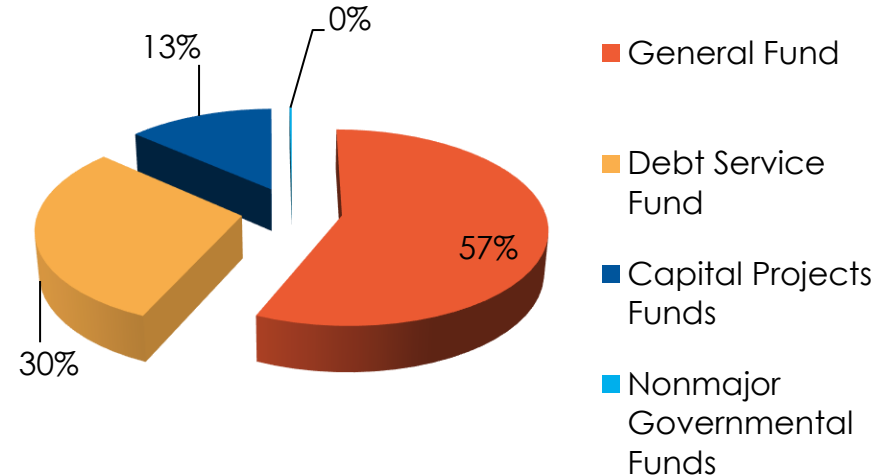
Financial Highlights

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

FY 2018



FY 2017

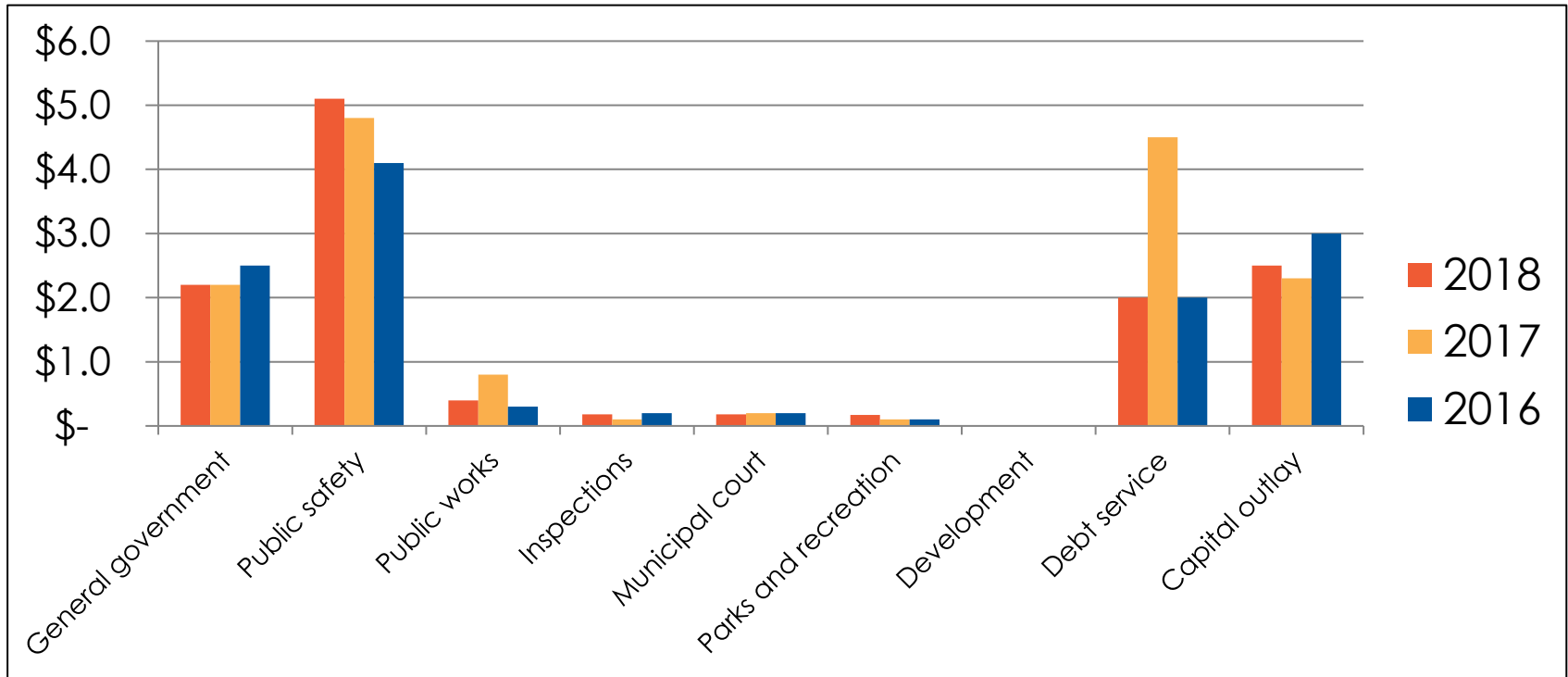


Governmental Funds Expenditures for FY 2018 totaled \$12.7 million, a \$2.3 million or 15% decrease

- Principal retirement decreased \$2.5 million in FY18. Principal payments were \$2.5 million higher in FY17 due to the pay off of the 2012 CO's. These bonds were paid off with the proceeds from the Noah's building sale.
- Capital Projects Fund expenditures increased \$365 thousand due to increased capital outlay for projects (paving).

Financial Highlights

Comparison of Governmental Funds Expenditures



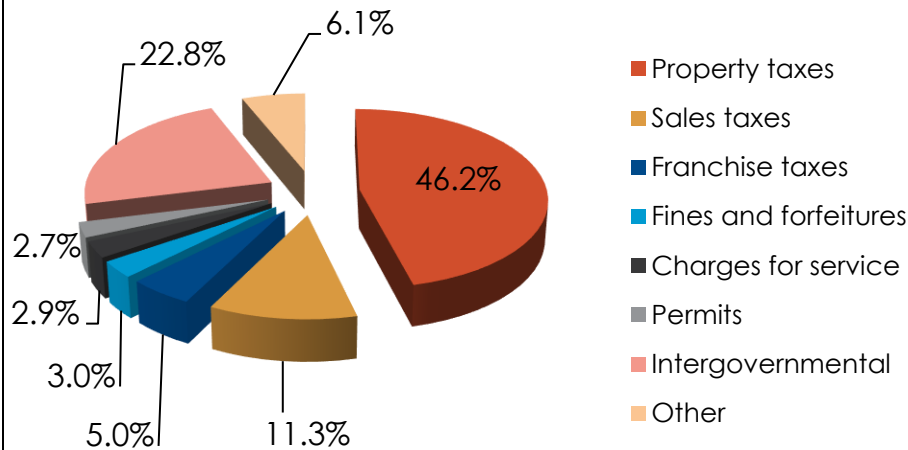
(3-year comparison – current year and two prior years – in millions)

Financial Highlights

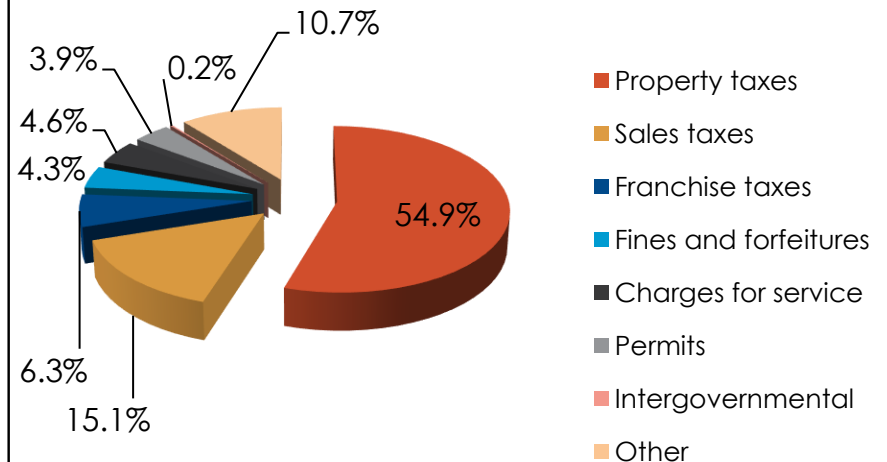
Comparison of Governmental Revenues by Source

Governmental Revenues for FY 2018 totaled \$13.8 million, a \$3.4 million or 33% increase. Increase is primarily attributable to Intergovernmental Revenue (\$3.1 million) and Property Tax increases (\$664 thousand), in addition to a new revenue source, Hotel/Motel tax revenue (\$148 thousand).

FY 2018 Revenues

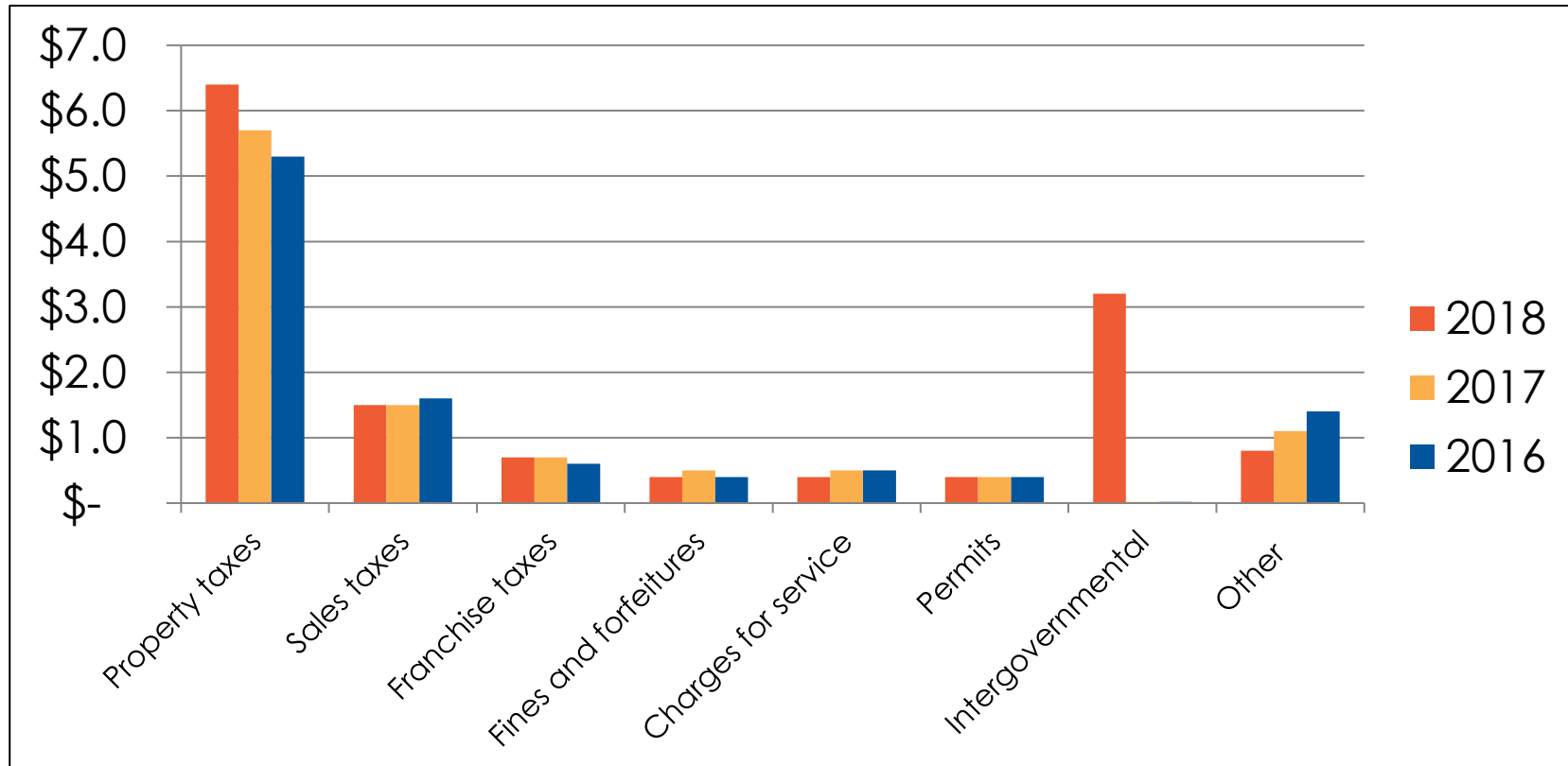


FY 2017 Revenues



Financial Highlights

Comparison of Governmental Revenues by Source



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

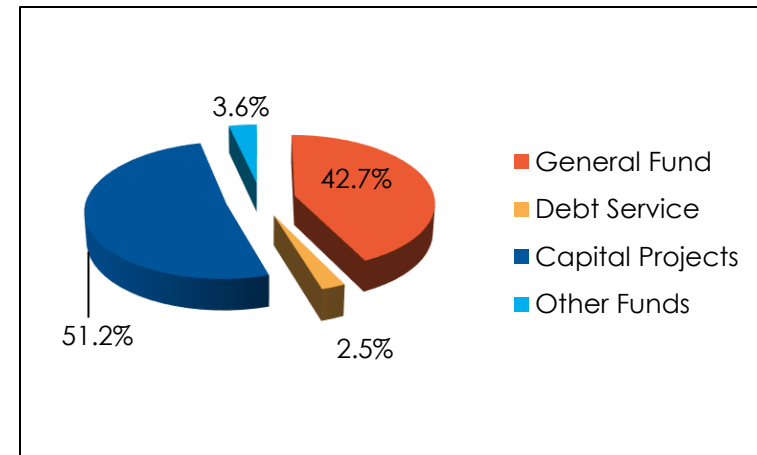
Financial Highlights

Fund Balances

Governmental Funds' Fund Balances

As of September 30, 2018, the Town's governmental funds reported a combined ending fund balance of \$12.0 million as follows:

• General Fund	\$5,121,024
• Debt Service	295,643
• Capital Projects	6,143,700
• Other Funds	<u>441,812</u>
	\$12,002,179



- Overall, fund balance of the Governmental Funds increased by \$1.6 million.
- Fund balance in the Capital Projects Fund increased by \$1.3 million during fiscal year 2018. This increase was due to the net effect of the recognition of \$3 million in intergovernmental revenue (Collin County, NTMWD), combined with an increase in capital outlay in FY18 for the continuation of East Stacy Rd construction/paving.

Financial Highlights

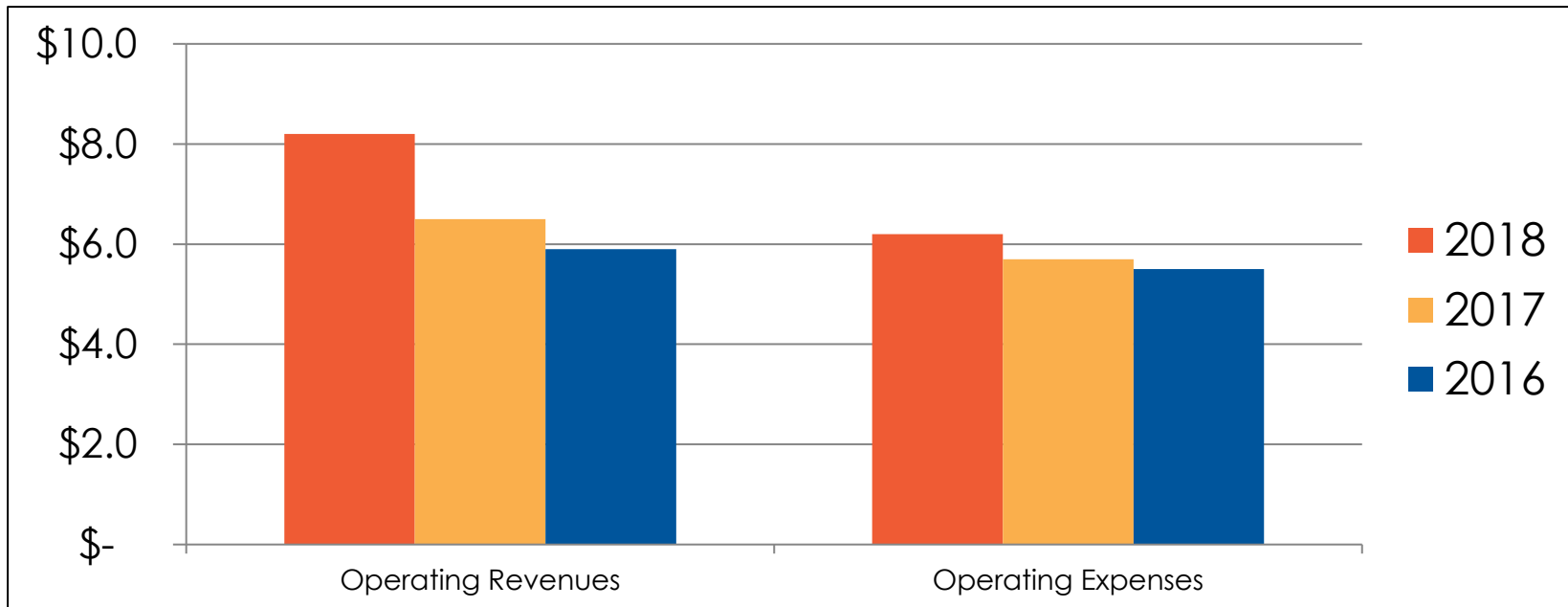
Budgetary Highlights – General Fund

The Town had a favorable budget variance of \$57K (net change in fund balance):

- Actual revenues were \$88K more than budgeted.
 - Charges for Services was \$34K above budget
 - Permits was \$47K above budget
- Actual expenditures were \$377K less than budgeted.
 - General Government was \$214K below budget
 - Public Works was \$109K below budget

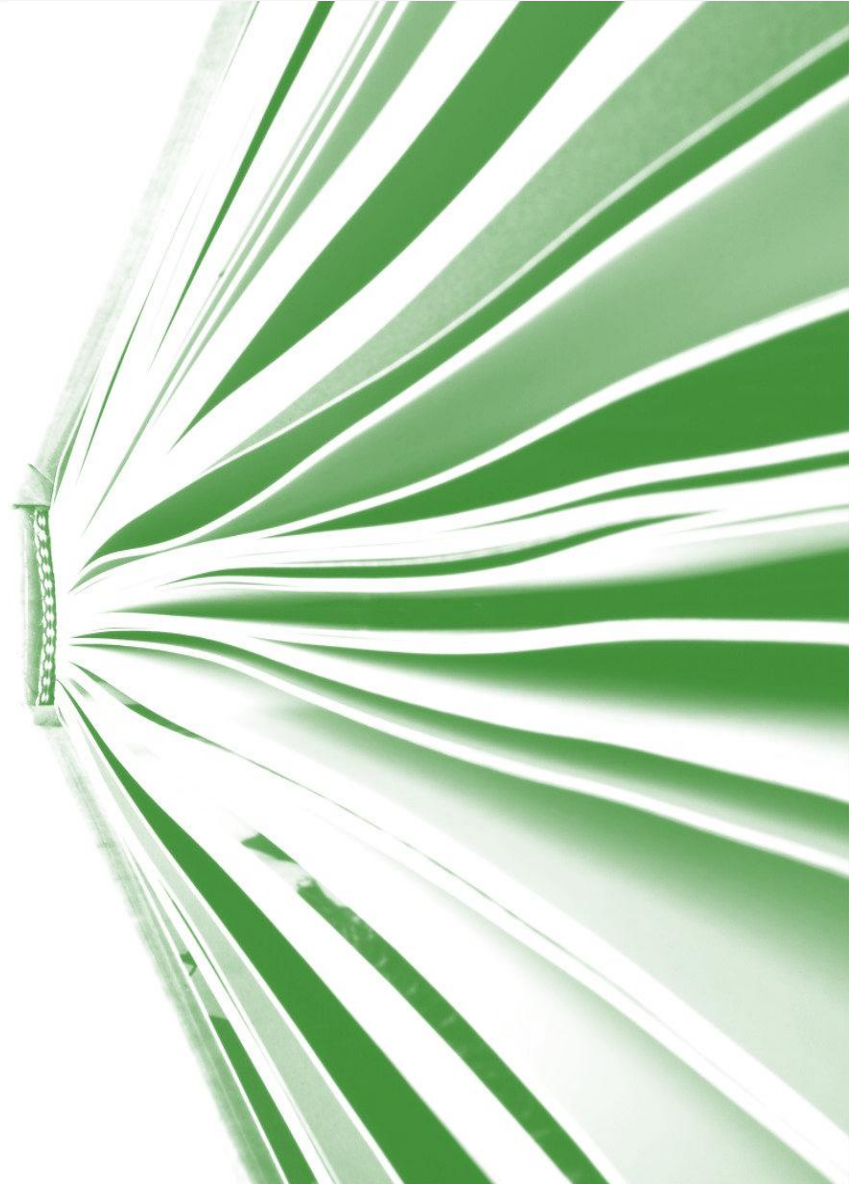
Financial Highlights

Comparison of Proprietary Funds Operating Revenues and Expenses – FY 2018 and the two prior years (in millions)



- Proprietary funds' net position increased by \$1.4 million during FY18.
- Operating revenues increased \$1.7 million primarily due to increased water rates (15%) and increased water consumption in FY18. Operating expenses increased \$444K due to higher water purchase and sewer treatment costs.

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



DISCUSSION

Contact Us



John DeBurro

Partner, Assurance Services

Direct: (972) 448.6970

Email: john.deburro@weaver.com

Claire Wootton

Manager, Assurance Services

Direct: (972) 448.6934

Email: claire.wootton@weaver.com