

Presentation to

Town of Fairview

Council Meeting | March 7, 2017



Overview

- Introduction
- Audit Process
- Required Communications
- Audit Results
- Financial Highlights
- New Accounting Pronouncements
- Questions

Introductions

The Firm of Texas



Weaver is the largest independent accounting firm based in Texas and the Southwest. We've served Texas public sector entities for 66 years.

Headquartered in

Fort Worth

since 1950

9

U.S.
locations

Approximately

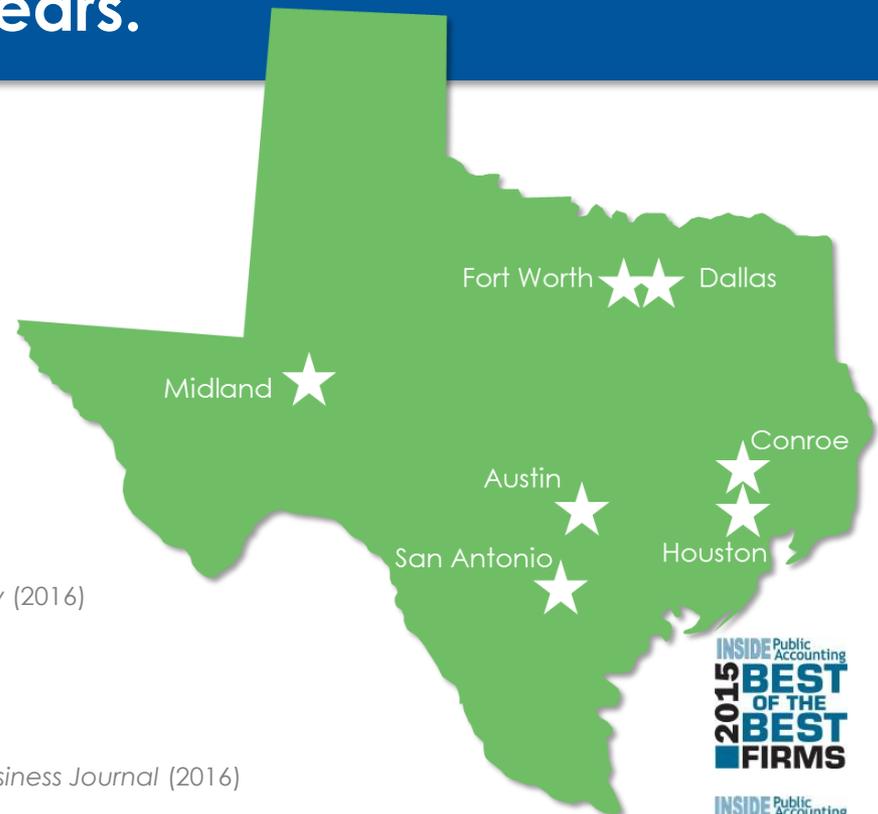
600

employees

80+

partners

Largest independent
accounting firm based in the
Southwest



REGIONAL AND NATIONAL RANKINGS

Largest Firm based in the Southwest Region of the U.S. | *Accounting Today* (2016)

#4 National Leaders in Tax (firms under \$100M) | *Accounting Today* (2016)

Top 40 Firms | *INSIDE Public Accounting* (2015)

Top 50 Firms | *Accounting Today* (2016)

2015 BEST of the BEST Firm to Watch | *INSIDE Public Accounting*

#9 Largest Houston-Area Accounting Firms: Global Revenue | *Houston Business Journal* (2016)

#8 Largest North Texas Accounting Firms | *Dallas Business Journal* (2016)

#3 Largest Tarrant County Accounting Firms | *Fort Worth Business Press* (2015)

#7 Largest San Antonio Accounting Firms | *San Antonio Business Journal* (2016)

Best and Brightest Companies to Work For® | Dallas/Fort Worth (2016) and Houston (2015)

INSIDE Public Accounting
2015
BEST
OF THE
BEST
FIRMS

INSIDE Public Accounting
2015
TOP
50
FIRMS

We know your questions don't end when the audit does, so the team leadership remains available to you throughout the year.

John DeBurro

Partner, Assurance Services

Claire Wootton

Manager,
Assurance Services

Town of Fairview

John DeBurro, CPA
Engagement Partner

Audit

Claire Wootton, CPA
Audit Manager

Kayce Stillings
Audit Associate I

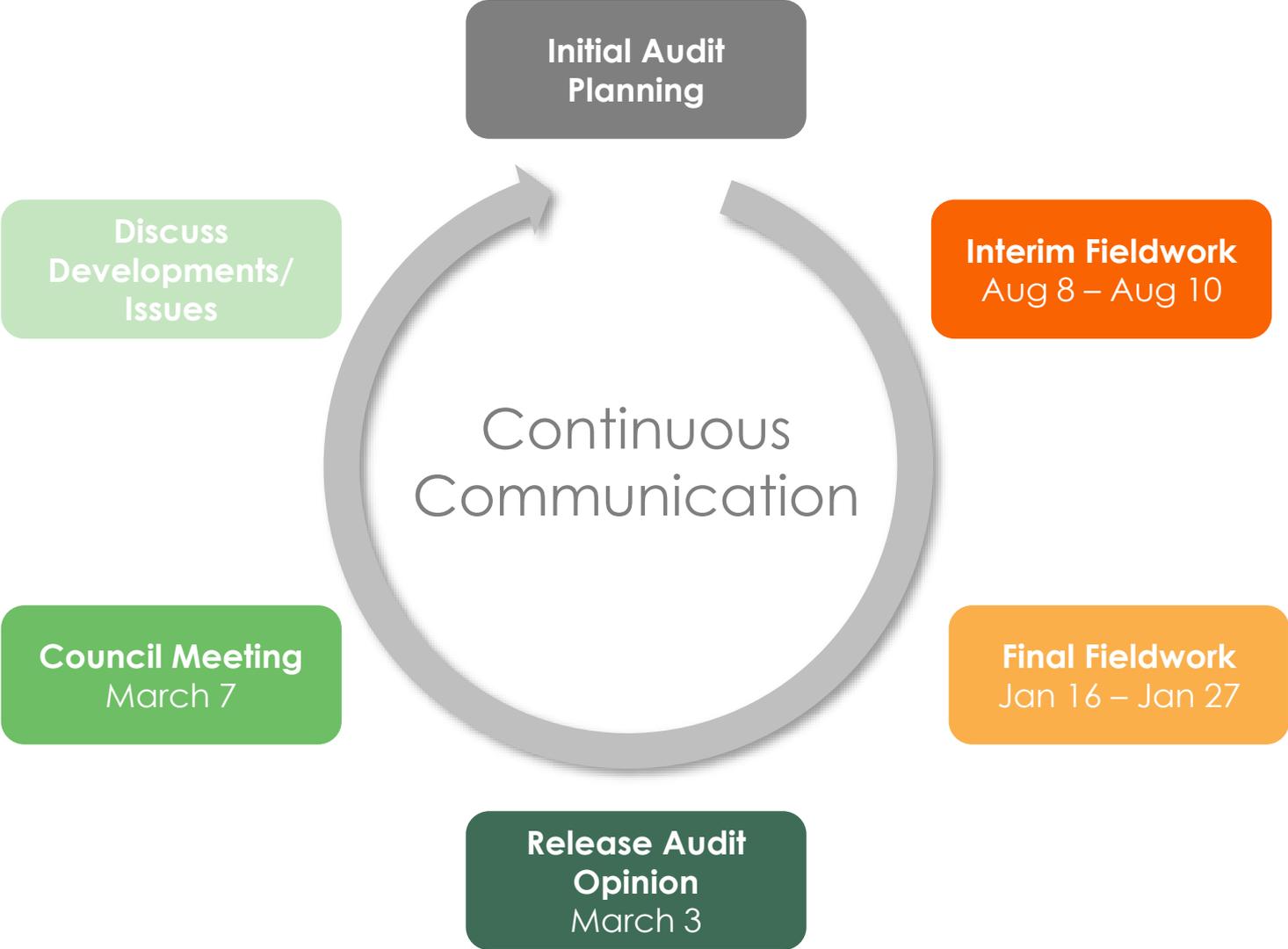
Consulting

Tom Winson, CPA
Advisory Services -ACL Data Specialist

Audit Process



Engagement Timeline



Audit Process

- The audit was performed in accordance with **Generally Accepted Auditing Standards (GAAS)** and **Generally Accepted Government Auditing Standards (GAGAS)**
- The audit process was a **risk-based approach** in which we identified potential areas of risk that could lead to material misstatement of the financial statements. We tailored our audit programs and resources to specifically address the following areas of risk:
 - Revenue recognition and related receivables
 - Capital projects, purchasing and compliance with bidding procedures
 - Payables, accrued liabilities, and expenditures



Interim fieldwork and risk assessment were performed in August 2016. Procedures included:

- Walkthrough of accounting controls over significant transaction cycles:
 - Budget
 - Purchasing and Accounts Payable
 - Payroll
 - Cash Receipts – taxes, municipal court, utility billing
- Test of internal controls:
 - Cash disbursements
 - Payroll
- Test of compliance
 - Public Funds Investment Act
 - Bidding procedures

Final fieldwork- performed in January 2017

Procedures included:

- Testing of significant account balances using a combination of vouching of material transactions, sampling transactions and applying analytical procedures.
- Assisting with the preparation of the financial statements.



Auditor Communications

for the year ended September 30, 2016

Weaver**Views**

Required Communications to Those in Charge of Governance



Communication

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

Results

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 2016 financial statements has been completed and we have issued an unmodified opinion.

Required Communications to Those in Charge of Governance

Communication

Auditor's Responsibility under Government Auditing Standards

Results

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.

Significant Deficiency identified over the Purchasing Controls.

Required Communications to Those in Charge of Governance



Communication	Results
<p>Unusual transactions and the adoption of new accounting principles</p>	<p>The significant accounting policies used by the Town are described in Note 1 to the financial statements.</p> <p>New GASB pronouncements implemented in 2016 include GASB Statement No. 72, "Fair Value Measurement and Application" which expands disclosure requirements related to fair value measurements of the Town's investments.</p> <p>We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus.</p>

Required Communications to Those in Charge of Governance



Communication	Results
Fraud and illegal acts	No fraud, irregularities, or illegal acts were noted.
Material weakness in internal control	No material weaknesses 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 liability and useful lives of capital assets were evaluated and determined to be reasonable in relation to the financial statements as a whole.
Management representations	We requested certain representations from management that were included in the management representation letter.

Required Communications to Those in Charge of Governance

Communication	Results
Difficulties encountered	No significant difficulties were encountered during our audit.
Management consultations	We are not aware of management consulting with other accountants for a second opinion.
Auditor independence	No independence issues noted.
Disagreements with Management	No disagreements arose over the course of our audit.

Required Communications to Those in Charge of Governance



Communication	Results
Audit 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. No material adjustments have been posted as a result of our audit.</p> <p>In addition, there were no uncorrected misstatements discovered 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.



Auditor Results

Weaver**Views**

Auditor Results

- We have issued the Independent Auditor's Report on the financial statements
 - ✓ Unmodified opinion or "clean" opinion
- We have issued the 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
 - ✓ Significant deficiency identified over the Purchasing Controls

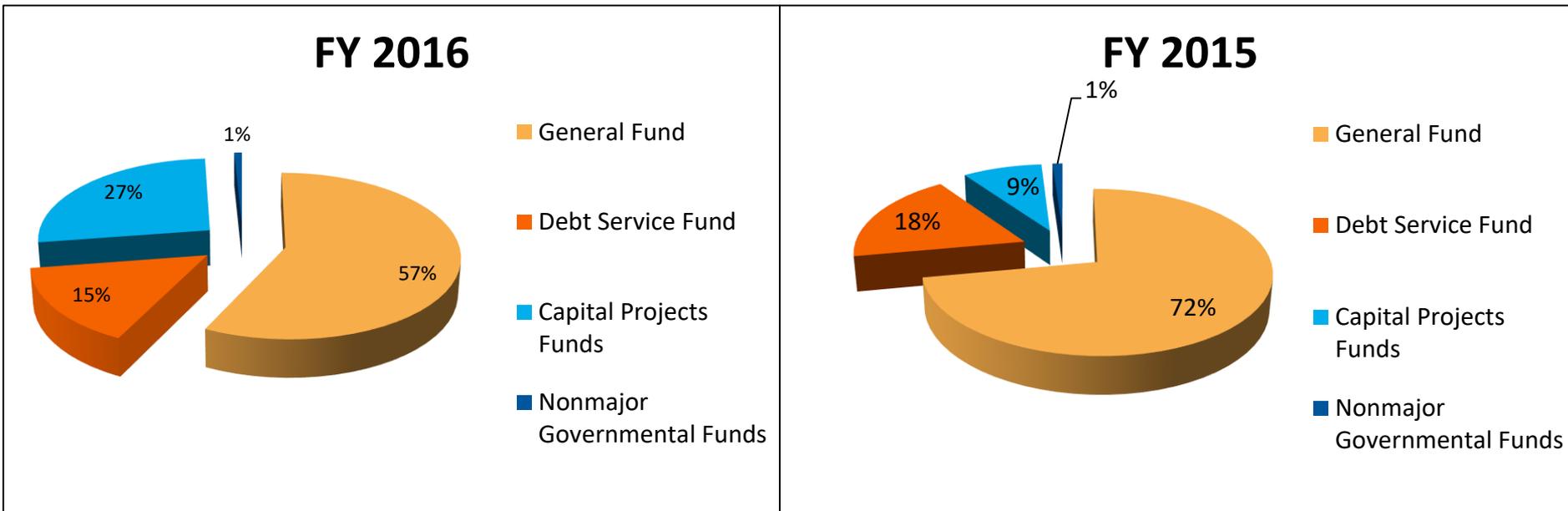
Financial Highlights

A grayscale photograph of a person's hands in a white shirt. The person is holding a black pen and pointing it at a tablet device. The tablet is resting on a desk with various financial documents, including what appears to be a newspaper or magazine with charts and text. A pair of glasses is also visible on the desk. The background is slightly blurred, showing a white cup and saucer. A green horizontal bar is overlaid on the top portion of the image, containing the text 'Financial Highlights' in white.

Weaver**Views**

Financial Highlights

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

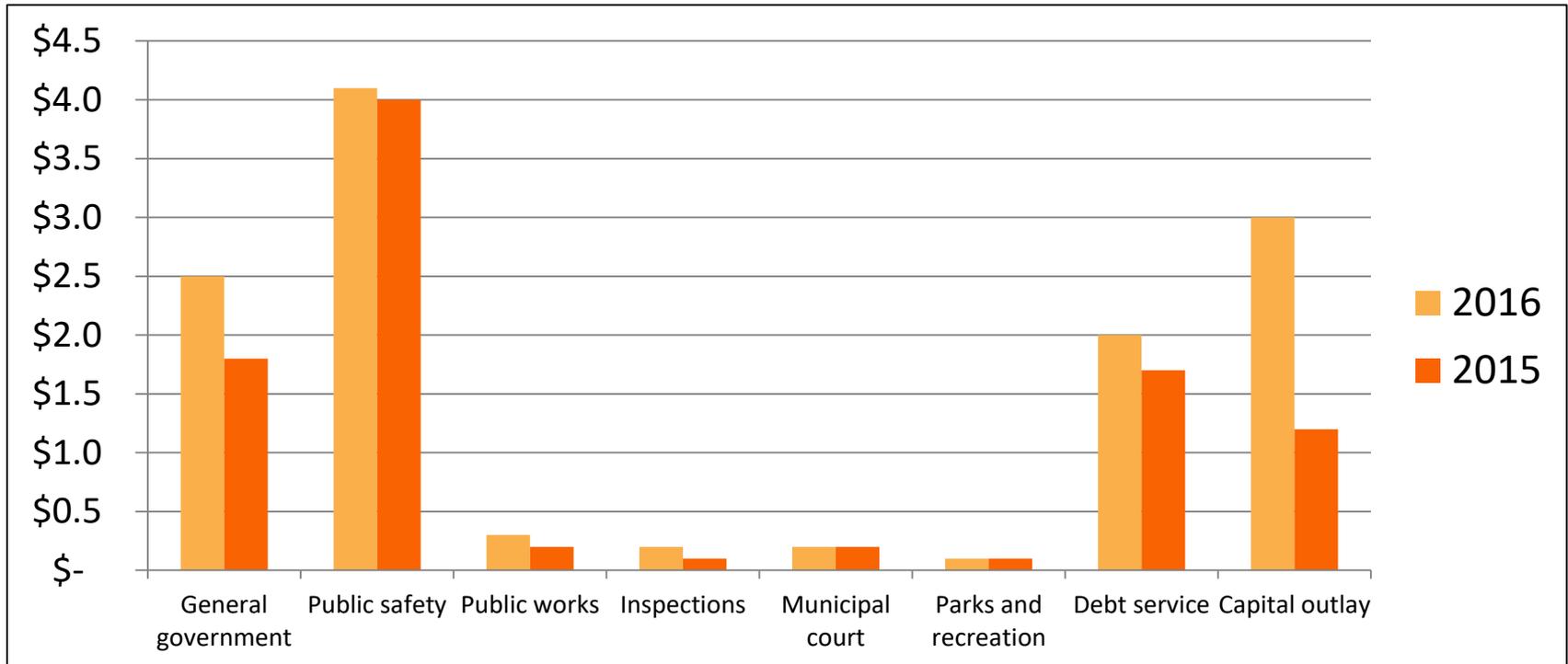


Governmental Funds Expenditures for FY 2016 totaled \$12.4 million, a \$3.1 million or 33% increase

- Capital outlay increased \$1.8 million from FY15, due to the street and roadway rehabilitation program as well as the design of Fairview Parkway and Frisco Road, and the purchase of land at Lakeridge and Highway 5.
- General government expenditures increased \$0.7 million primarily due to the Town's economic development sales tax refund agreement, more accurately accounting for these sales tax refunds.

Financial Highlights

Comparison of Governmental Funds Expenditures



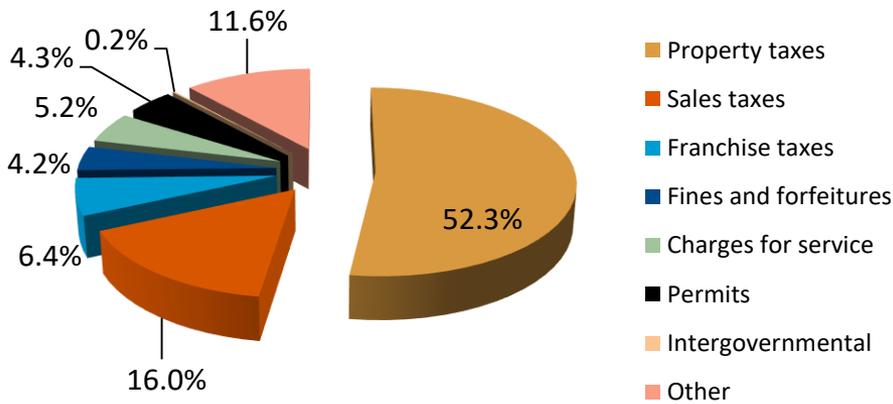
(2-year comparison – current year and prior year – in millions)

Financial Highlights

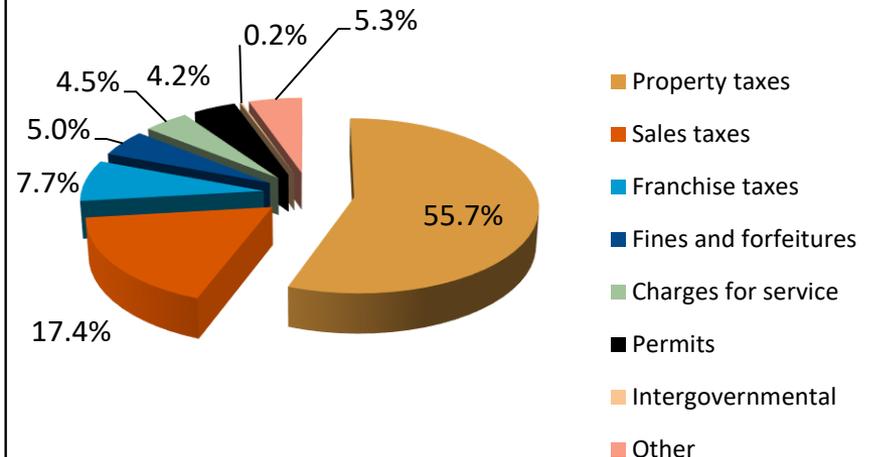
Comparison of Governmental Revenues by Source

Governmental Revenues for FY 2016 totaled \$10.2 million, a \$1.5 million or 17% increase. Increase is primarily attributable to Property Tax increase (attributable to increase in property values), Miscellaneous Revenues, Street Impact Fees, and Park Fees.

FY 2016 Revenues

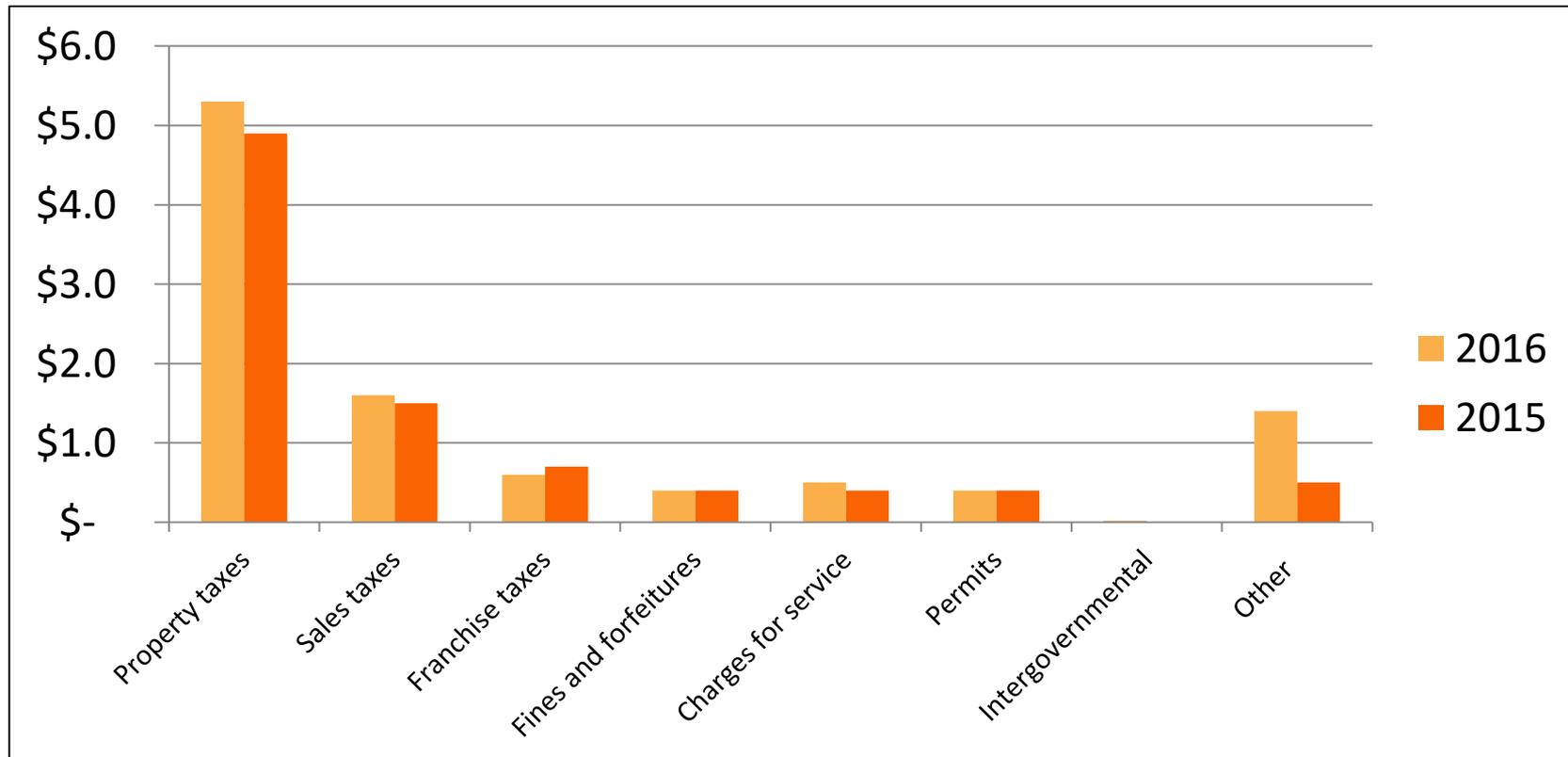


FY 2015 Revenues



Financial Highlights

Comparison of Governmental Revenues by Source



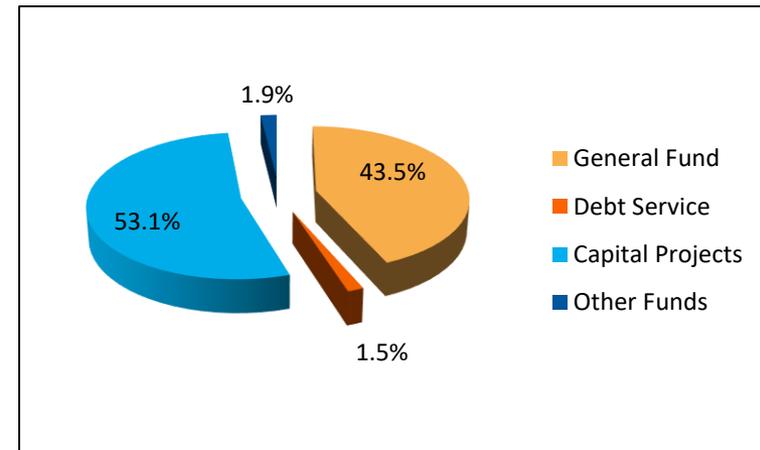
(2-year comparison – current year and prior year – in millions)

Financial Highlights

Fund Balances

Governmental Funds' Fund Balances

As of September 30, 2016, the Town's governmental funds reported a combined ending fund balance of \$11.5 million as follows:



- Overall, fund balance of the Governmental Funds increased by \$4.3 million.
- Fund balance in the Capital Projects Fund increased by \$3.7 million during fiscal year 2016. This increase was due to the issuance of \$5.8 million in bonds during the fiscal year.

Financial Highlights

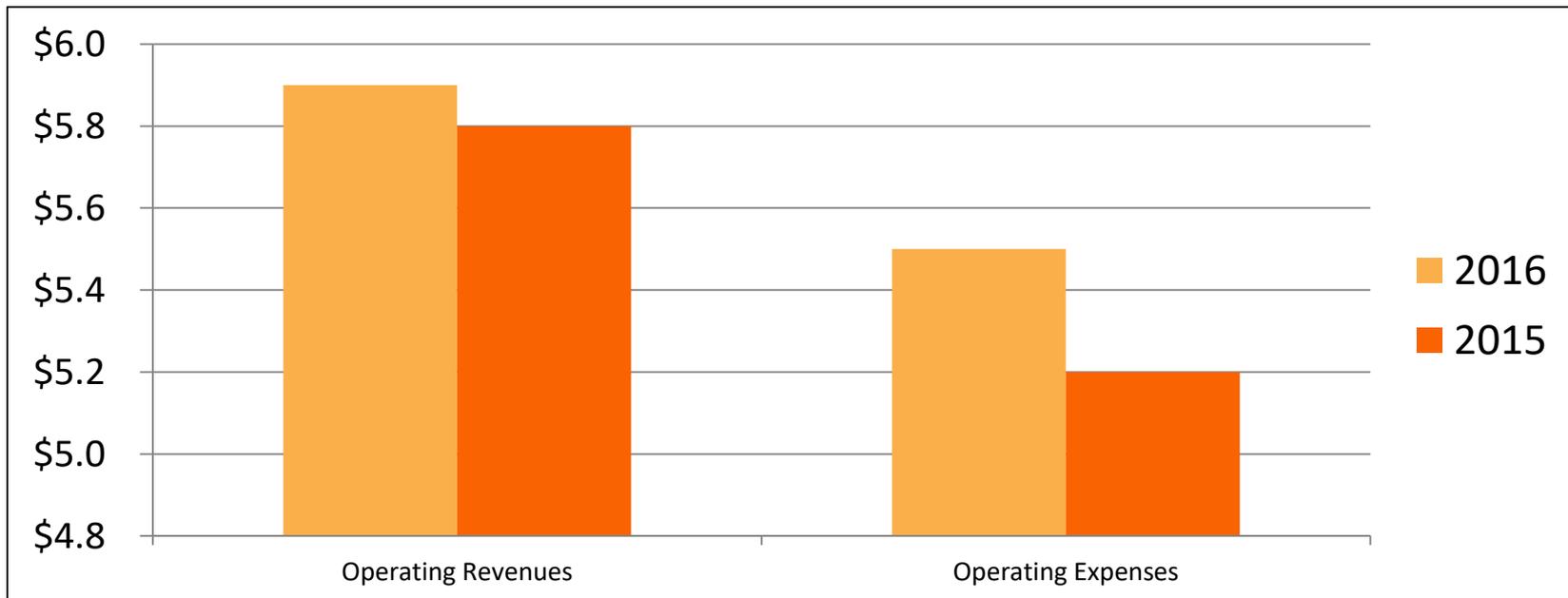
Budgetary Highlights – General Fund

The Town had a favorable budget variance of \$600K (net change in fund balance):

- Actual revenues were \$285K more than budgeted.
 - Sales taxes were \$106K more than budgeted.
 - Permits were \$76K more than budgeted.
- Actual expenditures were \$315K less than budgeted.

Financial Highlights

Comparison of Proprietary Funds Operating Revenues and Expenses – FY 2016 and FY2015 (in millions)



- Proprietary funds' net position increased by \$322K during fiscal year 2016.
- Operating revenues increased \$165K primarily due to increased water consumption. Operating expenses increased \$235K due to higher water purchase and sewer treatment costs.

Standards Required to be Implemented in FY2017

Effective for the year ended September 30, 2017

GASB 77 – Tax Abatements

- **Objective:** to require governments that enter into tax abatement agreements to disclose certain information about tax abatement programs that reduce the reporting government's tax revenues.
- **Effect:** GASB 77 will require management to review existing tax abatement agreements to determine proper disclosure.

GASB 82 – Pension Issues – an Amendment of GASB Statement No.s 67, 68 and 73

- **Objective:** to address certain issues that have been raised with respect to GASB Statements 67, 68 and 73.
- **Effect:** GASB 82 will not have a significant effect on the Town's financial reporting.

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





Questions?

Contact Us

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