

Town of Fairview

Council Meeting
March 1, 2016



Overview



- Introduction
- Audit Process
- Required Communications
- Audit Results
- Areas of Strength and Accomplishment
- Financial Highlights
- New Accounting Pronouncements
- Questions

Introductions

Weaver**Views**

The Firm of Texas



Weaver is the largest independent accounting firm in Texas and the Southwest. We are consistently named a top firm in the state and nationally.

#4 Largest **Tarrant County** Accounting Firms | *Fort Worth Business Press*

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

#7 Largest **Austin** Accounting Firms | *Austin Business Journal*

#14 Largest **Houston-Area** Public Accounting Firms | *Houston Business Journal*

#5 Largest **San Antonio** Accounting Firms | *San Antonio Business Journal*

2014 **Top 50** Firms | *INSIDE Public Accounting*

2014 **BEST of the BEST** Firm | *INSIDE Public Accounting*



7 Texas Offices

500+ Employees

65+ Partners

Engagement Leadership



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

Jerry Gaither
Partner, Assurance Services

John DeBurro
Senior Manager,
Assurance Services

Engagement Team



Town of Fairview

Jerry Gaither, CPA
Public Sector Leader

Audit

John DeBurro, CPA
Audit Senior Manager

Consulting

Tom Winson, CPA
Advisory Services -ACL Data Specialist

Claire Adams, CPA
Audit Senior II

Audit Process

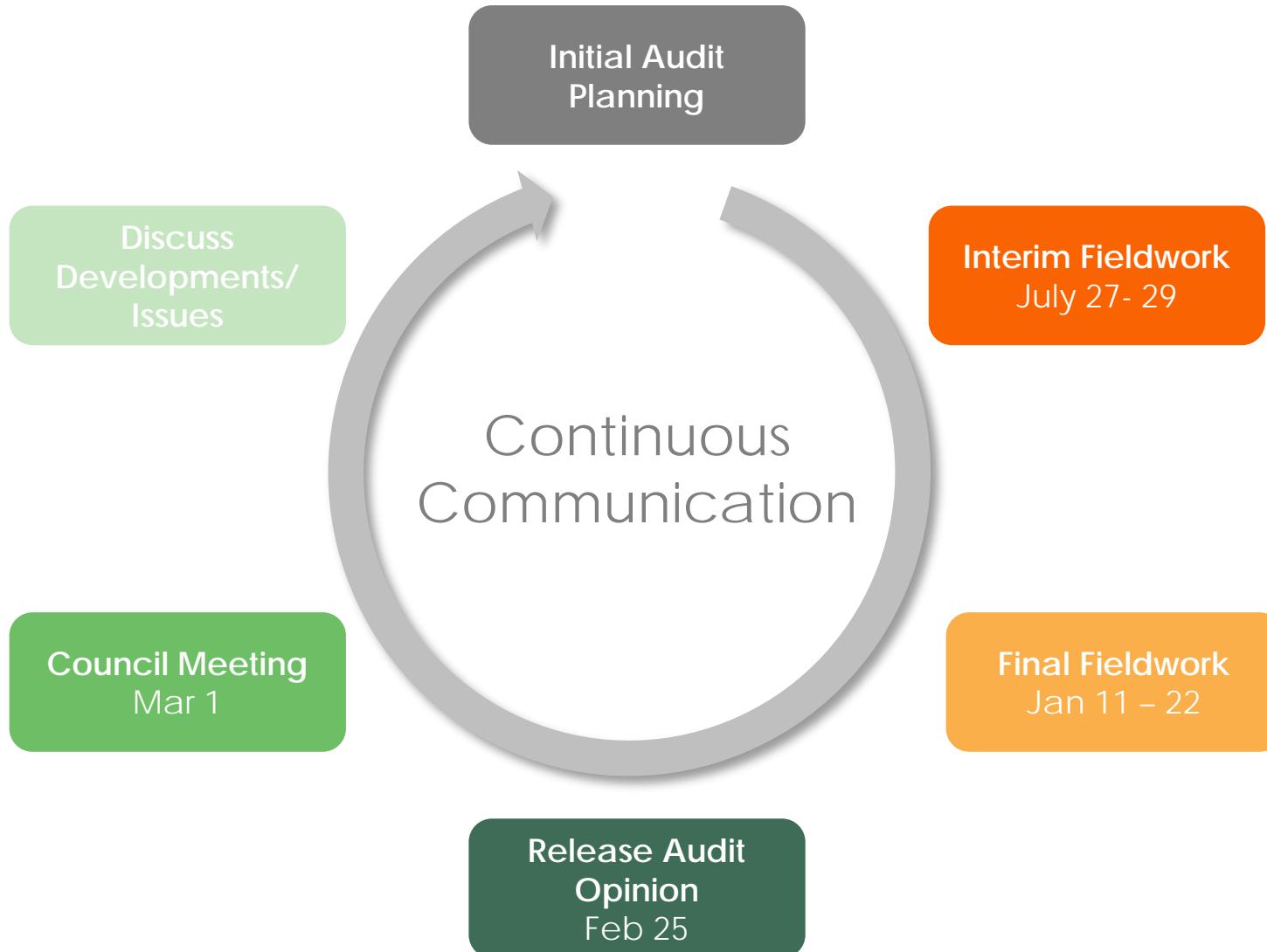
Quality

Management

WeaverViews



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



Audit Process



Interim fieldwork and risk assessment were performed in July 2015. 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

Audit Process



Final fieldwork- performed in January 2016

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, 2015

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 2015 financial statements has been completed and we have issued an unmodified opinion.

Required Communications to Those in Charge of Governance



Communication	Results
Auditor's Responsibility under Government Auditing Standards	<p>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.</p> <p>No findings noted.</p>

Required Communications to Those in Charge of Governance



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 basic financial statements.

New GASB pronouncements implemented in 2015 include GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". As a result, the Town reports its net pension liability, deferred inflows and outflows of resources, and pension expense associated with the Texas Municipal Retirement System. Accordingly, in the government-wide financial statements, the beginning net position of the Town's governmental activities and business-type activities have been decreased by \$350,502 and \$68,474, respectively, to reflect the cumulative effect of the change in accounting principle. In the proprietary funds financial statements, the beginning net position of the water and sewer enterprise fund has been decreased by \$53,240 and the beginning net position of the storm water enterprise fund has been decreased by \$15,234.

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 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>Additionally, no uncorrected misstatements were identified during our audit.</p>
Other material written communications between Weaver and Tidwell, L.L.P., and the Town	Nothing to note.

Auditor Results

Auditor Results



- We have issued the Independent Auditor's Report on the financial statements
 - Unmodified 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
 - No findings noted.

Areas of Strength and Accomplishments

- Management knowledgeable in municipal finance
- Full cooperation of Town staff
- No material weaknesses in internal controls



Financial Highlights

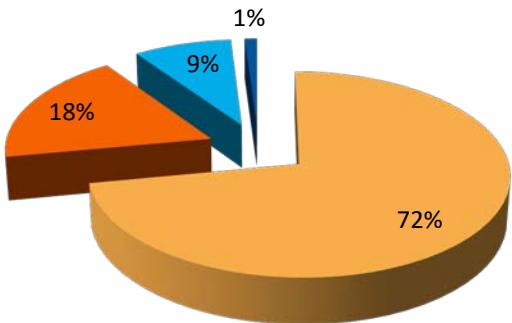


Weaver**Views**

Financial Highlights

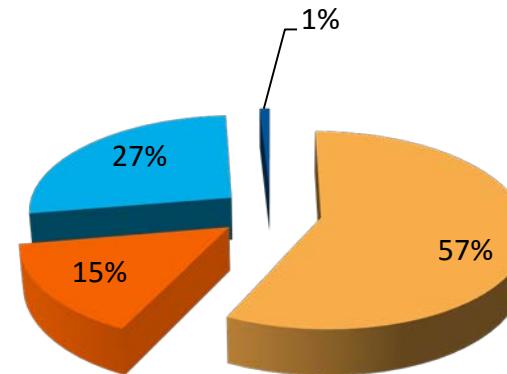
Comparison of Governmental Funds Expenditures by Fund (in millions of dollars)

FY 2015



■ General Fund
■ Debt Service Fund
■ Capital Projects Funds
■ Nonmajor Governmental Funds

FY 2014



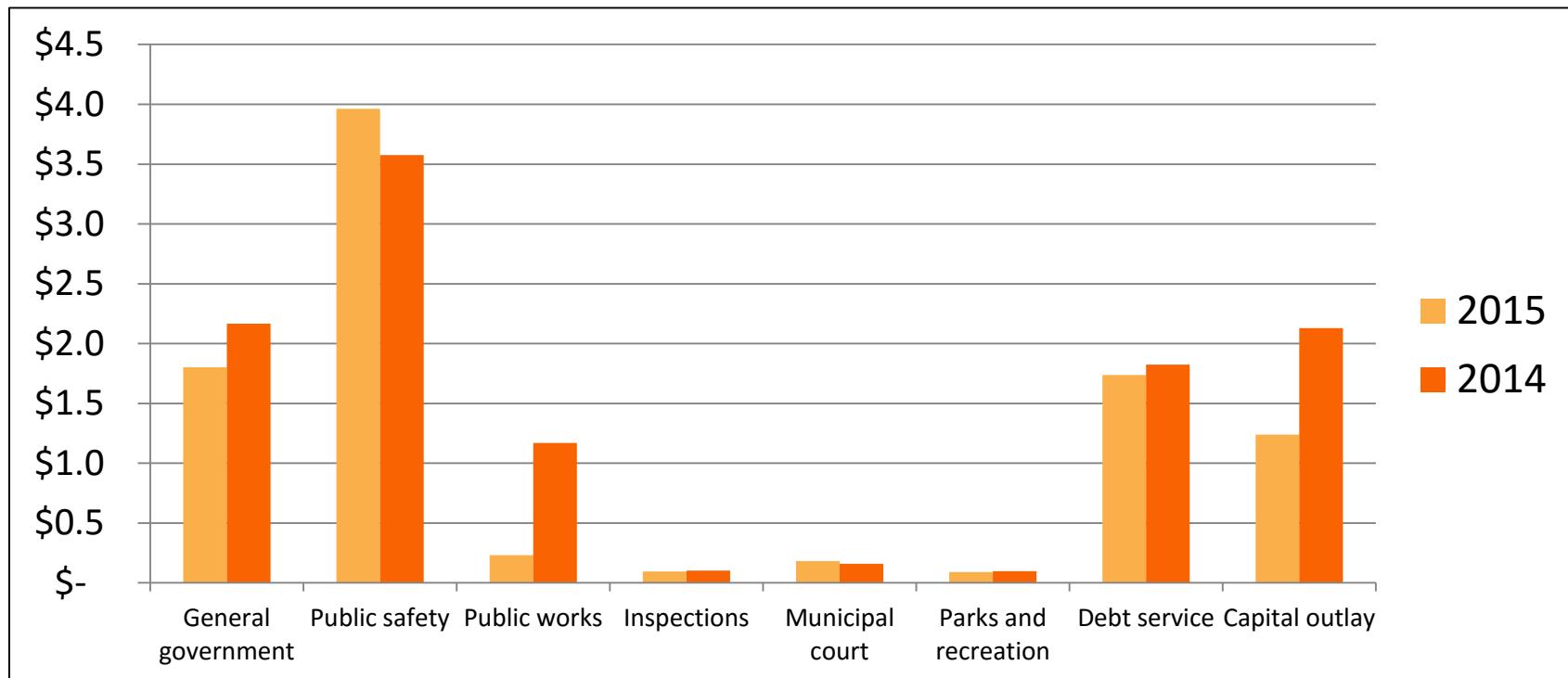
■ General Fund
■ Debt Service Fund
■ Capital Projects Funds
■ Nonmajor Governmental Funds

Governmental Funds Expenditures for FY 2015 totaled \$9.3 million, a \$1.9 million or 17% decrease

- Public works expenditures decreased \$937K from FY14, due in part to a \$640K payment to Collin County representing the Town's share of the Stacy Road construction project costs made in the prior year.
- Capital outlay decreased \$890K as projects were completed in the prior year.

Financial Highlights

Comparison of Governmental Funds Expenditures



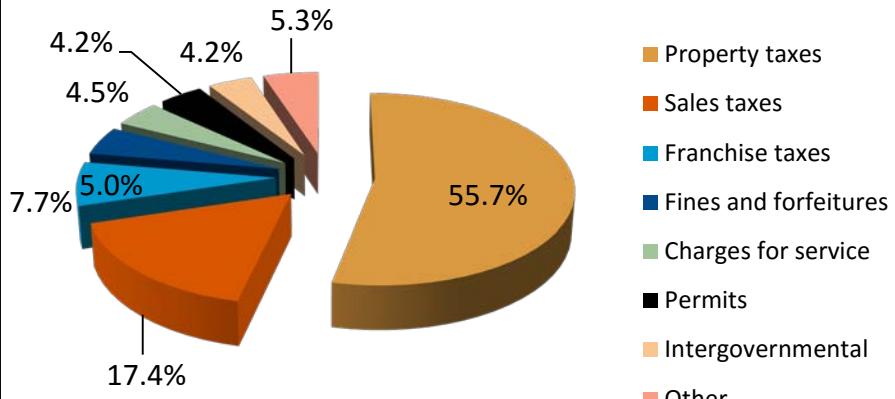
(2-year comparison – current year and prior year – in millions)

Financial Highlights

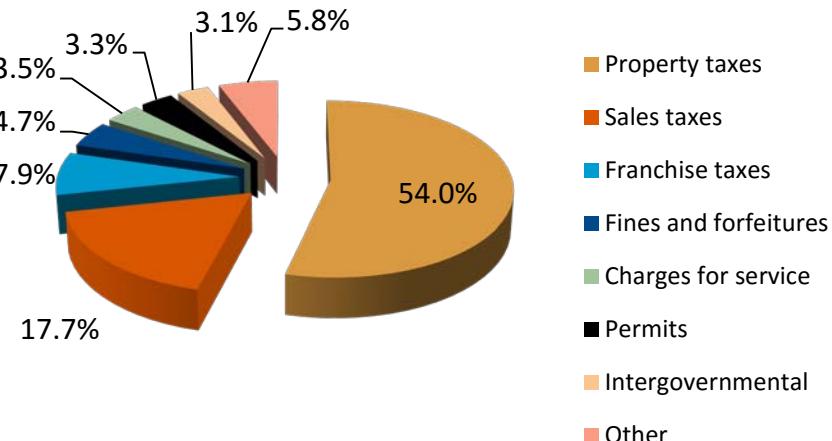
Comparison of Governmental Revenues by Source

Governmental Revenues for FY 2015 totaled \$8.7 million, a \$480K or 6% increase. Increase is primarily attributable to a \$407K increase in property tax revenue; and a \$101K increase in charges for service, the result of the Town beginning to provide in-house emergency medical services in 2015.

FY 2015 Revenues

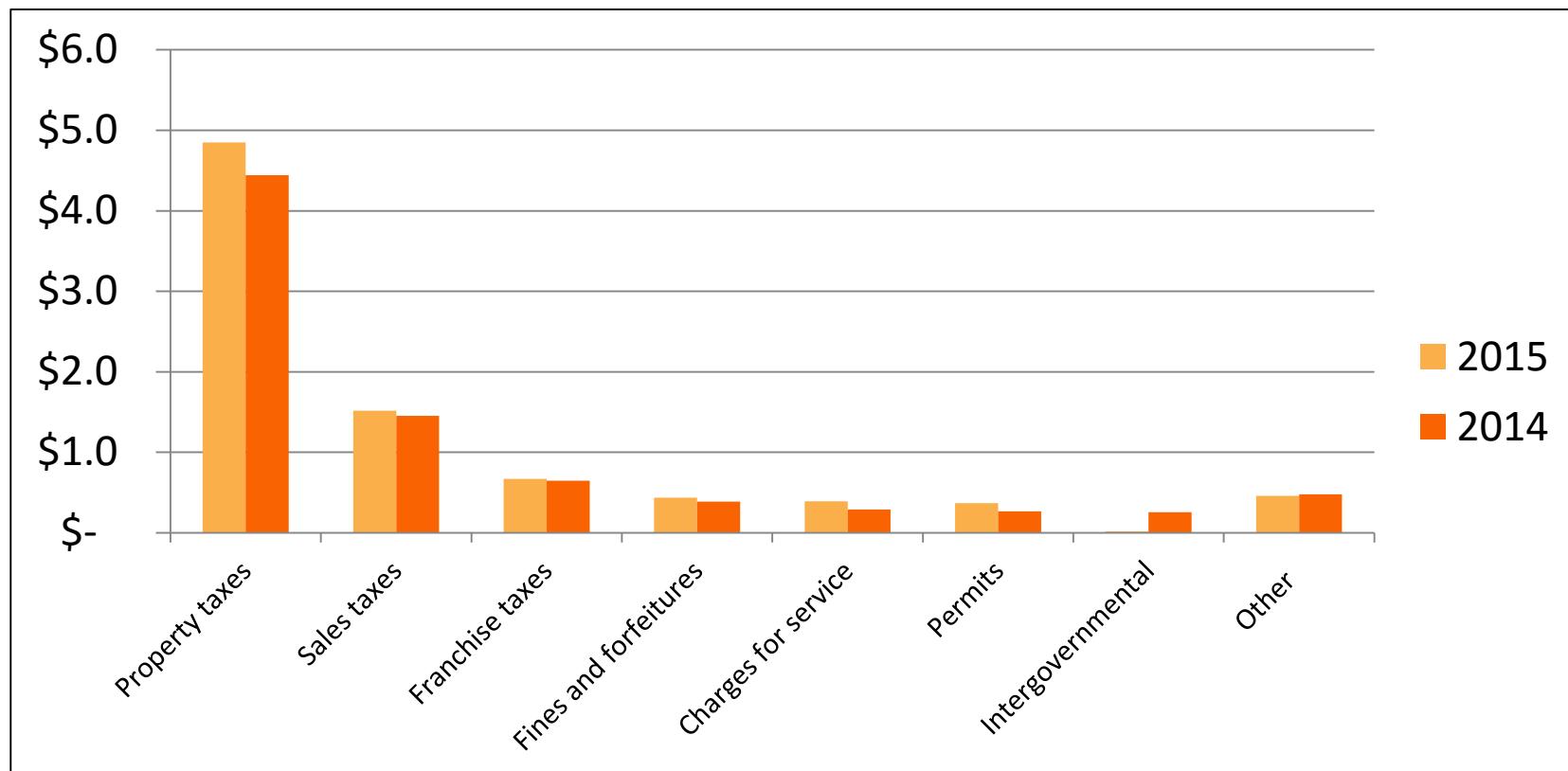


FY 2014 Revenues



Financial Highlights

Comparison of Governmental Revenues by Source



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

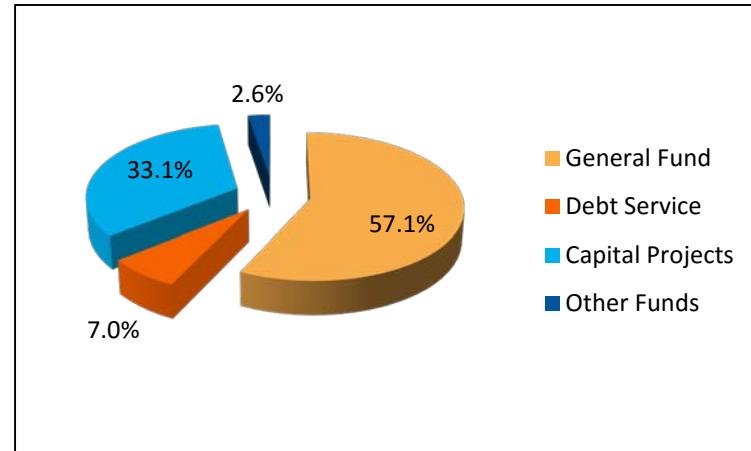
Financial Highlights

Fund Balances

Governmental Funds' Fund Balances

As of September 30, 2015, the Town's governmental funds reported a combined ending fund balance of \$7.2 million as follows:

• General Fund	\$4,121,518
• Debt Service	503,596
• Capital Projects	2,390,399
• Other Funds	<u>197,146</u>
	\$7,212,659



- Overall, fund balance of the Governmental Funds increased by \$104K.
- General Fund fund balance increased by \$164K during fiscal year 2015. The ending balance, \$4,121,518, represents 61.2% of fiscal year 2015 General Fund expenditures.

Financial Highlights



Budgetary Highlights – General Fund

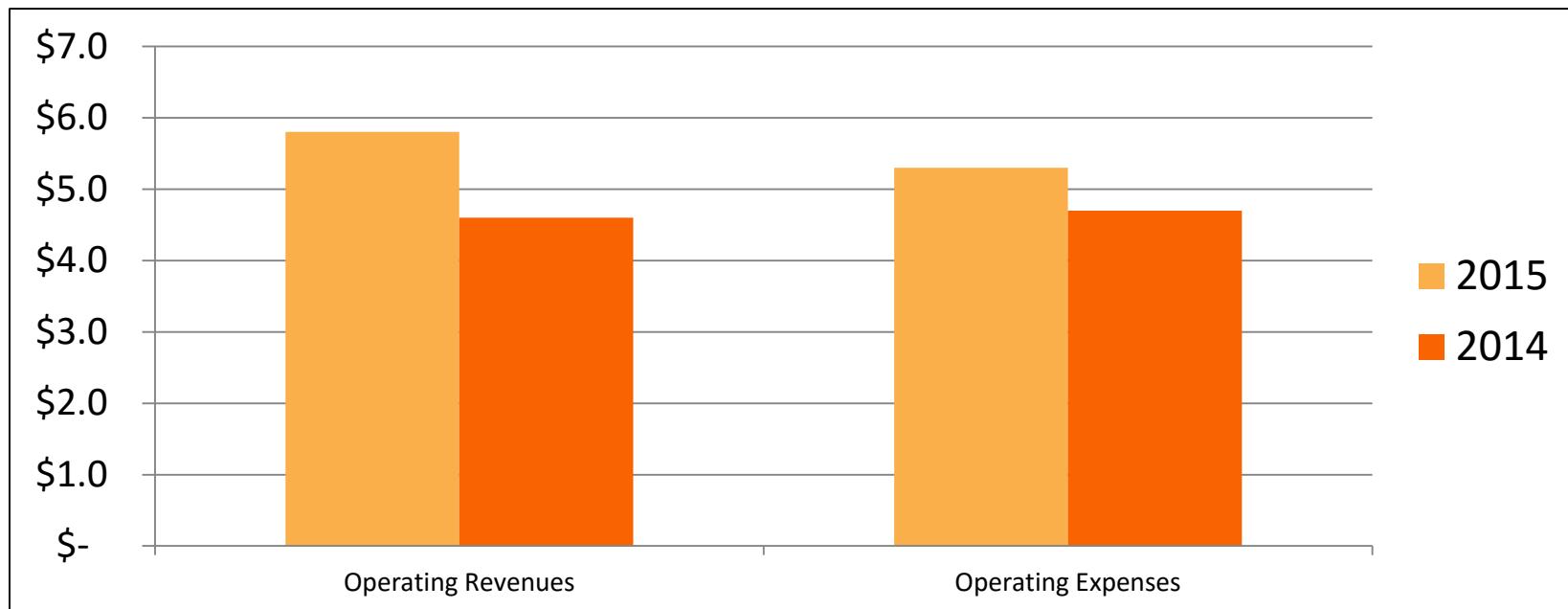
The Town had a favorable budget variance of \$185K (net change in fund balance):

- Actual revenues were \$174K more than budgeted.
 - Sales taxes were \$119K more than budgeted.
 - Franchise taxes were \$17K more than budgeted.
- Actual expenditures were \$11K less than budgeted.

Financial Highlights



Comparison of Proprietary Funds Operating Revenues and Expenses – FY 2015 and FY2014 (in millions)



- Proprietary funds' net position decreased by \$123K during fiscal year 2015, primarily the result of \$603K of transfers to the other funds.
- Operating revenues increased \$1.2M primarily due to increased water consumption and rate increases. Operating expenses increased \$551K due to higher water purchase costs and increased storm water expenses.

Standards Required to be Implemented in FY2016



Effective for the year ended September 30, 2016

GASB 72 – Fair Value Measurement

- **Objective:** to improve accounting and financial reporting by state and local governmental entities related to fair value measurements.
- **Effect:** GASB 72 will require the Town to review its current methods for measuring assets and liabilities that are subject to fair value reporting.

GASB 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

- **Objective:** to identify the hierarchy of generally accepted accounting principles (GAAP).
- **Effect:** GASB 76 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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