

Granite Shoals, Texas

Audit Presentation

September 30, 2018

Presented By: Louis Breedlove, Audit Manager
April 23, 2019

BW&C

CERTIFIED PUBLIC ACCOUNTANTS



OVERVIEW OF THE AUDIT PROCESS

Audit Planning and Risk Assessment

- **Audit Standards** – The audit was performed in accordance with Generally Accepted Auditing Standards (GAAS).
- **Assessment** – Evaluate and examine processes and controls
- **Risk-Based Approach** – 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. Risks such as:
 - Revenues and related expenditures
 - Construction in progress, purchasing requirements, bids and capital assets
 - Payroll Expenditures and payroll related liabilities
 - Long term liabilities (bonds payable, pension)

OVERVIEW OF THE AUDIT PROCESS

Audit Fieldwork & Completion and Reporting

- **Compliance Testing** – Performed testing over the City’s compliance with provisions with laws, regulations, contracts and grant agreements, including items such as compliance with Public Funds Investment Act (PFIA) compliance requirements.
- **Fieldwork** – Agree balances to underlying reports, and perform testing to assure those balances are materially accurate.
- **Conclusion & Reporting** – Evaluate results. Prepare report and required communications.





COMPONENTS OF THE ANNUAL FINANCIAL REPORT

- ❖ Auditor's Opinion
- ❖ Management's Discussion and Analysis
- ❖ Basic Financial Statements
 - Government-Wide Statements
 - Fund Level Statements
 - Notes to the Financial Statements
- ❖ Required Supplementary Information
 - Budget to Actual – General Fund

INDEPENDENT AUDITOR'S REPORT

REFERENCE CAFR – PAGE 1

❖ Four possible outcomes

	-Unmodified
	-Modified
	-Disclaimed
	-Adverse

- ❖ The City received an unmodified opinion or “clean” opinion
- ❖ Highest level of assurance

Financial Highlights

YEAR ENDING 9/30/18 - REFERENCE AFR PAGE 26 & 27

Revenues – Governmental Funds

	<u>2017</u>	<u>2018</u>	<u>\$Variance</u>	<u>% Variance</u>
Property tax	\$ 2,436,727	\$ 2,594,648	\$ 157,921	6.5%
Sales tax	307,514	321,268	13,754	4.5%
Franchise and local taxes	162,776	174,882	12,106	7.4%
Intergovernmental	299,929	308,217	8,288	2.8%
Charges for services	394,140	380,314	(13,826)	-3.5%
License and permits	101,406	117,274	15,868	15.6%
Fines and forfeitures	104,342	122,125	17,783	17.0%
Investment income	8,833	25,315	16,482	186.6%
Contributions and donations	5,409	4,984	(425)	-7.9%
Other revenues	138,974	99,544	(39,430)	-28.4%
Total Revenues	\$ 3,960,050	\$ 4,148,571	\$ 188,521	4.8%

Governmental Funds Revenues for FY18 totaled \$4,148,571, an increase of \$188,521 or 4.8%

- Property taxes increased \$157,921 due to the increase in assessed values and the annexation of property
- License and permits increased due to a higher number of permits issued during year.
- Fines and forfeitures increased due to an increase in number of officers patrolling.
- Investment income increased due to a higher utilization of interest bearing accounts.
- Other revenues decreased primarily due to nonrecurring tower lease payments received in the previous year.



Financial Highlights

YEAR ENDING 9/30/18 - REFERENCE AFR PAGES 26 & 27

Expenditures – Governmental Funds

	<u>2017</u>	<u>2018</u>	<u>\$ Variance</u>	<u>% Variance</u>
Current:				
General government	\$ 867,316	\$ 879,942	\$ 12,626	1%
Public safety	1,279,008	1,485,707	206,699	16%
Streets and parks	710,182	524,535	(185,647)	-26%
Animal control	81,656	71,759	(9,897)	-12%
Code compliance	136,408	136,620	212	0%
Debt Service:				
Principal	428,020	438,498	10,478	2%
Interest and fiscal charges	191,668	175,607	(16,061)	-8%
Debt issuance costs	-	63,494	63,494	100%
Capital Outlay	<u>28,074</u>	<u>1,137,024</u>	<u>1,108,950</u>	<u>3950%</u>
Total Expenditures	\$ 3,722,332	\$ 4,913,186	\$ 1,190,854	32%

Governmental Funds Expenditures for FY18 totaled \$4,913,186, an increase of \$1,190,854 or 32%

- Public safety increased primarily due to personnel costs as a result of previously vacant positions filled during the year.
- Public works decreased primarily due to fewer costs for road repair projects being conducted in the previous year.
- Capital outlay increased \$1,108,950 due to the new street capital project.
- Debt issuance costs are due to the bond issued during the year for the street capital project.

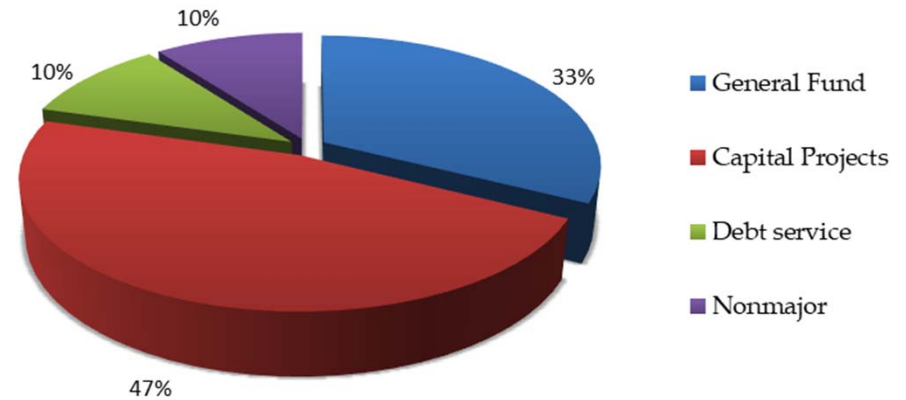


Financial Highlights

YEAR ENDING 9/30/18 - REFERENCE AFR PAGES 26 & 27

Fund Balances – Governmental Funds

General fund	\$ 1,252,190
Capital projects	1,811,833
Debt service	396,701
Nonmajor Funds	396,386
	<hr/>
	\$ 3,857,110



- Overall, fund balance of the Governmental Funds increased by \$2,375,575
 - General fund increase of \$441,273
 - Capital projects increased \$1,811,833, due to issuance of \$3M bond
 - Debt service decrease of \$10,991
 - Nonmajor funds increase of \$133,460
- Unassigned fund balance of the general fund was \$1,252,190 or 42% of total general fund expenditures

Financial Highlights

GENERAL FUND – YEAR ENDING 9/30/18 - REFERENCE AFR PAGE 70

Budget to Actual – General Fund

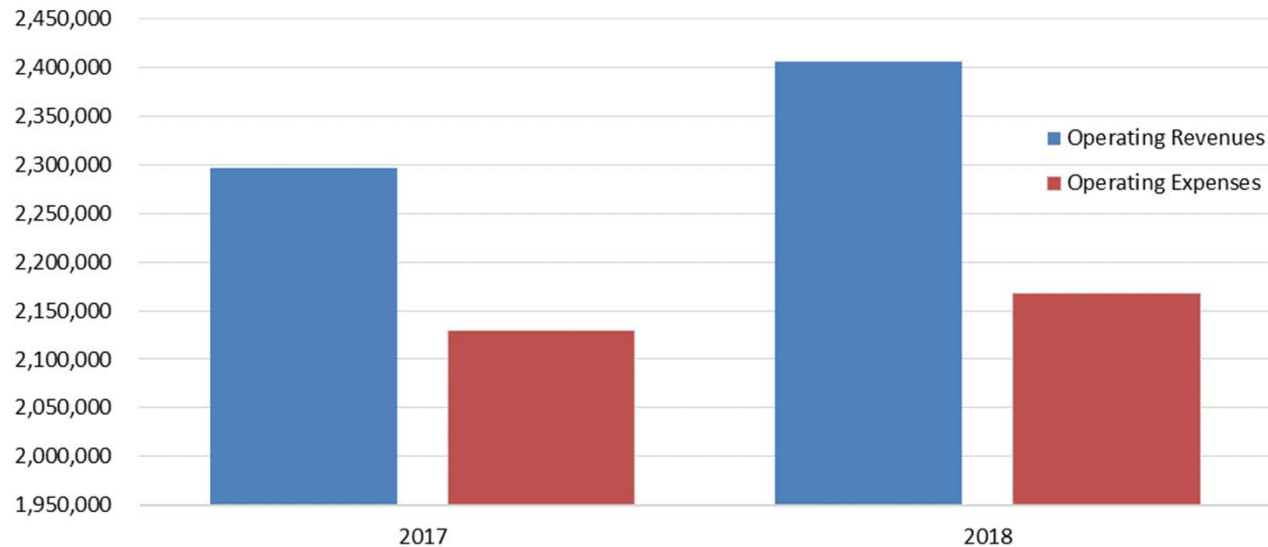
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Total Revenues	2,780,907	2,780,907	2,878,026	97,119
<u>Expenditures</u>				
Total Expenditures	3,240,069	3,273,250	2,971,108	302,142
Revenues Over (Under) Expenditures	(459,162)	(492,343)	(93,082)	399,261
<u>Other Financing Sources (Uses)</u>				
Total Other Financing Sources (Uses)	532,529	532,529	534,355	1,826
Net Change in Fund Balance	\$ 73,367	\$ 40,186	441,273	\$ 401,087
Beginning fund balance			810,917	
Ending Fund Balance			\$ 1,252,190	



Financial Highlights

PROPRIETARY FUNDS – YEAR ENDING 9/30/18 - REFERENCE AFR PAGE 33

Comparison of Proprietary Funds Operating Revenues and Expenses



- Proprietary Funds' Net Position increased by \$317,461 during the fiscal year
- Operating revenues increased by \$109,906, or 5% due to an increase in consumption.
- Grants and contributions increased \$213,862 due to reimbursements of CDBG funds.
- Operating expenses increased \$38,578 or 2%, which is considered consistent with the prior year.



Other Reports

Communication with
Those Charged with
Governance

Communication
Regarding
Internal Controls

Thank You!

We appreciate the
opportunity to serve the
City of Granite Shoals

BW&C

CERTIFIED PUBLIC ACCOUNTANTS

Questions?

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We know your questions don't end when the audit does.

We remain available throughout the year.