

RESOLUTION NO. 2010-09-01

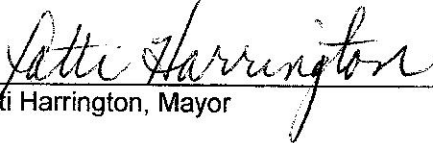
A RESOLUTION OF THE CITY OF WESTON, TEXAS, COLLIN COUNTY, TEXAS, APPOINTING WILLIAM C. SPORE AS THE CITY AUDITOR AND APPROVING A FEE SCHEDULE FOR AUDIT SERVICES.

WHEREAS, the City Council finds that appointment of William C. Spore is in the best interest of the City.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WESTON, TEXAS:


1. William C. Spore, whose office address is 200 N. Rufe Snow Dr., Suite 204, Keller, Texas 76248 is appointed as the auditor for the City of Weston.
2. The compensation paid to the auditor shall be no more than \$2,500.00.

RESOLVED AND ENTERED this the 14th day of September 2010.



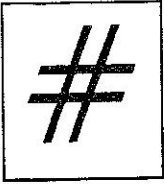
Patti Harrington, Mayor

ATTEST:



Leeann Oland, City Secretary





William C. Spore, P.C.

Certified Public Accountants

Honorable Mayor and City Council
City of Weston

I am pleased to confirm my understanding of the services I am to provide the City of Weston for the years ended September 30, 2010. I will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprise the entity's basic financial statements, of the City of Weston as of and for the year ended September 30, 2010. The document I submit to you will include the following supplementary information required by generally accepted accounting principles that will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedule

Audit Objectives

The objective of my audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the financial statements taken as a whole. My audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the City of Weston and other procedures I consider necessary to enable us to express such an opinion. If my opinion on the financial statements is other than unqualified, I will fully discuss the reasons with you in advance. If, for any reason, I am unable to complete the audit or are unable to form or have not formed an opinion, I may decline to express an opinion or to issue a report as a result of this engagement.

I will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. This report will include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal control and for compliance with laws, regulations, contracts, and agreements. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Management is responsible for making all financial records and related information available to us. I understand that you will provide us with such information required for my audit and that you are responsible for the accuracy and completeness of that information. I will advise you about appropriate accounting principles and their application and will advise you in the preparation of your financial statements, but the responsibility for the financial statements remains with you. As part of my engagement, I may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. That responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud, or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud, or illegal acts affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that I may report.

As part of the audit, I will prepare a draft of your financial statements and related notes. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing my services.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, my audit will involve judgment about the number of transactions to be examined and the areas to be tested. I will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse. Because an audit is designed to provide reasonable, but not absolute assurance and because I will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, I will inform you of any material errors that come to my attention, and I will inform you of any fraudulent financial reporting or misappropriation of assets that comes to my attention. I will also inform you of any violations of laws or governmental regulations that come to my attention, unless clearly inconsequential. My responsibility as auditors is limited to the period covered by my audit and does not extend to matters that might arise during any later periods for which I am not engaged as auditors.

My procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. I will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of my audit, I will also require certain written representations from you about the financial statements and related matters.

Identifying and ensuring that the City of Weston complies with laws, regulations, contracts, and agreements is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I will perform tests of the City of Weston's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of my audit will not be to provide an opinion on overall compliance and I will not express such an opinion.

Audit Procedures—Internal Controls

In planning and performing my audit, I will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of my auditing procedures for the purpose of expressing my opinion on City of Weston's financial statements.

I will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and I will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that I consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests of controls are required only if control risk is assessed below the maximum level. My tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in my report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, I will inform the governing body or audit committee of any matters involving internal control and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. I will also inform you of any nonreportable conditions or other matters involving internal control, if any, as required by *Government Auditing Standards*.

Audit Administration, Fees, and Other

I understand that your employees will prepare all cash or other confirmations I request and will locate any documents selected by us for testing.

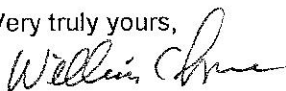
The audit documentation for this engagement is the property of William C. Spore, PC and constitutes confidential information. However, pursuant to authority given by law or regulation, I may be requested to make certain audit documentation available to Cognizant or Grantor agencies, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. I will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of William C. Spore, PC personnel. Furthermore, upon request, I may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

My fee for these services will be at my standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that I agree that my gross fee, including expenses, will not exceed \$2,500. Invoices will be submitted monthly as the engagement progresses. In accordance with my firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If I elect to terminate my services for nonpayment, my engagement will be deemed to have been completed upon written notification of termination, even if I have not completed my report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, I will discuss it with you and arrive at a new fee estimate before I incur the additional costs.

Government Auditing Standards require that I provide you with a copy of my most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. My 2009 peer review report accompanies this letter.

I appreciate the opportunity to be of service to City of Weston and believe this letter accurately summarizes the significant terms of my engagement. If you have any questions, please let us know. If you agree with the terms of my engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



WILLIAM C. SPORE

~~April 27, 2010~~ August 9, 2010 WJS

This letter correctly sets forth the understanding of the City of Weston:

Signature *Sally Harrington*

Title *Mayor*

Date *9-14-10*

MARLOW C. HUNTER, P.C.

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Piano, Texas 75074

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SYSTEM REVIEW REPORT

November 22, 2009

To the Shareholder

WILLIAM C. SPORE, P.C.

And the Peer Review Committee of the

Texas Society of CPAs

I have reviewed the system of quality control for the accounting and auditing practice of WILLIAM C. SPORE, P.C. (the "firm") in effect for the year ended May 31, 2009. My peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*.

In my opinion, the system of quality control for the accounting and auditing practice of WILLIAM C. SPORE, P.C. in effect for the year ended May 31, 2009, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*.

WILLIAM C. SPORE, P.C. received a rating of *pass*.

Marlow C. Hunter, P.C.