

CITY OF WESTON
FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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WILLIAM C SPORE, P.C.
Certified Public Accountants
200 N. Rufe Snow Drive, Ste 116
Keller, TX 76248
817-421-6619

Independent Auditor's Report

To the City Council
City of Weston, Texas

I have audited the accompanying financial statements of the governmental activities and major funds of the City of Weston, Texas as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Weston, Texas, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedules be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements the collectively comprise the City of Weston's basic financial statements. The schedule of comparative revenues and expenditures - general fund is presented for additional analysis and are not a part of the basic financial statements.

The schedule of comparative revenues and expenditures - general is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of comparative revenues and expenditures - general fund is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

William C. Spore, P.C.

Keller, Texas

Certified Public Accountants

January 8, 2019

CITY OF WESTON

CITY OFFICIALS

September 30, 2018

MAYOR

Patti Harrington

MAYOR PRO TEM

Carol Decker

COUNCIL MEMBERS

Kevin Deal

Randall Hales

Tralyn Molinar

John Tingle

SECRETARY

Susan Coffey

ATTORNEY

Taylor, Olsen, Adkins, Stralla & Elam

CITY OF WESTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Weston, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. The information provided here should be used in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities at September 30, 2018 by \$601,119, an increase of \$76,290 from the prior year.
- The City's governmental fund balance increased \$108,053 during the 2018 fiscal year to a total of \$314,234.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Reporting the City as a Whole - Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position (page 8) presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities (page 9) presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences). Capital grant funds are reported as revenues in the Statement of Activities.

The City currently provides only Governmental type activities. Governmental activities include basic services such as ambulance, inspection, streets and general administration. Property taxes, sales taxes, franchise fees and permit revenues finance most of these activities. The City does not provide any Business-type activities such as water or sewer systems.

Reporting the City’s Most Significant Funds

Fund Financial Statements

All of the City’s activities are accounted for in governmental funds. Governmental funds focus on how money flows into and out of the funds and the balances left at the end of the year that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 12.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City’s net position as of September 30, 2018 and 2017 are as follows:

	NET POSITION	
	2018	2017
Current and Other Assets	\$ 355,888	\$ 219,437
Capital Assets	<u>285,915</u>	<u>317,545</u>
Total Assets	<u>641,803</u>	<u>536,982</u>
Long-Term Debt	0	0
Other Liabilities	<u>(40,684)</u>	<u>(12,153)</u>
Total Liabilities	<u>(40,684)</u>	<u>(12,153)</u>
Net Position:		
Invested in Capital Assets, net of debt	285,915	317,545
Restricted	0	0
Unrestricted	<u>315,204</u>	<u>207,284</u>
Total Net Position	<u>\$ 601,119</u>	<u>\$ 524,829</u>

The City has two significant assets, its cash balances and its investment in capital assets, (buildings, office equipment, public works.) The City has restricted cash accounts for developer expense advances totaling \$23,703. The remaining cash balances of \$321,815 at September 30, 2018 are unrestricted and the City uses these funds for operations and reserves. The City uses its capital assets to provide services to the City's citizens, consequently these assets are not available for future spending.

Analysis of City's Operations

The following table provides a summary of the City's Changes in Net Position for the years ended September 30, 2018 & 2017.

	2018	2017
REVENUES		
Program Revenues:		
Charges for Services	\$ 5,476	\$ 4,674
Capital Grants/Donations	100,000	0
General Revenues:		
Property Taxes	75,387	69,894
Sales Taxes	7,199	6,445
Franchise Fees	13,035	10,853
Interest Income	114	87
Total Revenues	<u>201,211</u>	<u>91,953</u>
PROGRAM EXPENSES		
General Government	78,517	71,817
Public Health	8,947	6,390
Streets	37,457	33,633
Total Expenses	<u>124,921</u>	<u>111,840</u>
Increase (Decrease) in Net Position	<u>\$ 76,290</u>	<u>\$ (19,887)</u>

During fiscal year 2018 the City received two \$50,000 donations. These donations are unrestricted, and the City can use the funds for any purpose as determined by the City Council.

The City's property tax rate remained the same in 2018 as it was in 2017, 36 cents per \$100 of valuation. Due to an increase in property values within the City property tax revenues increased \$5,493 in 2018. The City's sales tax and franchise fee revenues also increased in 2018.

During 2018 the City incurred legal and engineering expenses related to potential new developments in the City. These expenditures totaled \$12,019 in 2018 compared to \$6,466 in 2017.

GOVERNMENTAL FUND ANALYSIS

The focus of the City's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements, in particular, unreserved fund balance may serve a measure of a government's net resources available for spending at the end of the fiscal year.

A comparative schedule of General Fund revenues and expenditures is as follows:

	2018	2017
REVENUES		
Property Taxes	\$ 75,520	\$ 69,974
Sales Taxes	7,199	6,445
Franchise Fees	13,035	10,853
Permits & Fees	5,476	4,674
Miscellaneous Revenues	0	0
Interest Income	114	87
Developer Donations/Reimburse.	100,000	0
TOTAL REVENUES	201,344	92,033
EXPENDITURES		
General Government	71,988	65,573
Public Health	8,947	6,390
Streets	6,700	2,875
Capital Outlay	5,656	32,946
TOTAL EXPENDITURES	93,291	107,784
EXCESS OF REVENUES OVER		
(UNDER) EXPENDITURES	\$ 108,053	\$ (15,751)

GENERAL FUND BUDGETARY HIGHLIGHTS

In September 2018 the City Council amended the City 2018 budget. The budget amendments increased budgeted revenues by \$50,000 and increased budgeted expenditures by \$36,500. The original budgeted surplus was \$13,986 and the amended budgeted surplus was \$50,486.

After amending the budget, the City received a \$50,000 unrestricted donation that was not anticipated. Total actual revenues exceeded originally budgeted revenues by \$59,941 primarily due to the \$50,000 donation received in late September along with an increase in sales tax revenues (\$2,199), franchise fee revenues (\$2,535), permit revenues (\$4,926).

Actual expenditures of \$93,291 exceeded budgeted expenditures of \$90,917 primarily due to a capital outlay expenditure for a new fence at City Hall that was not included in the budget.

CAPITAL ASSETS

The City's investment in capital assets as of September 30, 2018 amounts to \$285,915 (net of depreciation). The investment in capital assets includes buildings, office equipment and infrastructure. A schedule of capital assets (net of accumulated depreciation) is as follows:

	2018	2017
Land	\$ 34,500	\$ 34,500
Buildings	43,693	42,908
Office Equipment	13,852	15,510
Infrastructure	<u>193,870</u>	<u>224,627</u>
TOTAL	<u>\$ 285,915</u>	<u>\$ 317,545</u>

The major capital addition during the current fiscal year was the acquisition of a fence at City Hall at a cost of \$5,656. Additional information on the City's capital assets can be found in Note 4.

DEBT ADMINISTRATION

The City does not have any outstanding long-term debts.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The fiscal year 2019 budget included budgeted revenues of \$126,028 and budgeted expenditures of \$142,818. This budgeted deficit will be funded from funds on hand at the beginning of the 2019 fiscal year. Budgeted revenues include property taxes of \$96,167, which were based on a tax rate of 36 cents per \$100 of assessed value, the same tax rate as used in 2018. Budgeted revenues also include \$16,000 of construction permit revenues.

Budgeted 2019 expenditures include \$34,266, for salaries and benefits, \$10,000 for legal fees, \$15,000 for engineering fees, \$29,710 for city planner fees, \$5,500 for ambulance services, and \$5,095 for road repairs.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City of Weston. If you have questions about this report or need any additional information, contact the City Secretary at P.O. Box 248, Weston, TX 75097 or at (972) 729-7045.

CITY OF WESTON

**GOVERNMENT-WIDE
STATEMENT OF NET POSITION**

September 30, 2018

	GOVERNMENTAL ACTIVITIES
ASSETS	
CURRENT ASSETS	
Cash	\$ 321,815
Receivable-Sales & Franchise Taxes	8,844
Receivable-Property Taxes	970
Prepaid Expenses	556
TOTAL CURRENT ASSETS	<u>332,185</u>
NONCURRENT ASSETS	
Restricted Cash	<u>23,703</u>
CAPITAL ASSETS	
Land-Parks	34,500
Buildings & Improvements	118,575
Equipment	30,374
Public Works	315,245
Accumulated Depreciation	<u>(212,779)</u>
NET CAPITAL ASSETS	<u>285,915</u>
TOTAL ASSETS	<u>\$ 641,803</u>
LIABILITIES	
Accounts Payable	\$ 15,918
Accrued Liabilities	1,063
Developer Advances Payable	23,703
TOTAL LIABILITIES	<u>\$ 40,684</u>
NET POSITION	
Invested in Capital Asset, Net of Related Debt	\$ 285,915
Unrestricted	<u>315,204</u>
TOTAL NET POSITION	<u>\$ 601,119</u>

CITY OF WESTON

**GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2018

FUNCTIONS/PROGRAMS	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>CAPITAL GRANTS & DONATIONS</u>	<u>NET (EXPENSE) REVENUE</u>
GOVERNMENTAL ACTIVITIES:				
General Government	\$ (78,517)	\$ 5,476	\$ 100,000	\$ 26,959
Public Health	(8,947)	0	0	(8,947)
Streets	(37,457)	0	0	(37,457)
TOTAL GOVERNMENTAL ACTIVITIES	\$ (124,921)	\$ 5,476	\$ 100,000	(19,445)
GENERAL REVENUE				
Property Taxes				75,387
Sales Taxes				7,199
Franchise Fees				13,035
Interest Income				114
TOTAL GENERAL REVENUE				95,735
CHANGE IN NET POSITION				76,290
NET POSITION - BEGINNING				<u>524,829</u>
NET POSITION - ENDING				<u><u>\$ 601,119</u></u>

CITY OF WESTON

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2018

ASSETS	
Cash	\$ 321,815
Restricted Cash-Developer Advances	23,703
Receivables:	
Sales Taxes, Franchise Fees & Other	8,844
Property Taxes	970
Prepaid Expenses	556
TOTAL ASSETS	<u>355,888</u>
LIABILITIES	
Accounts Payable	15,918
Accrued Payroll Taxes	1,063
Developer Advances Payable	23,703
TOTAL LIABILITIES	<u>40,684</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue-Property Taxes	<u>970</u>
FUND BALANCE	
Non-Spendable - Prepaid Expenses	556
Unassigned	313,678
TOTAL FUND BALANCE	<u>314,234</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND LIABILITIES	<u>\$ 355,888</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION**

September 30, 2018

Fund Balance Above	\$ 314,234
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Fund Balance Sheet	285,915
Property taxes receivable are not available to pay for current period expenditures and, therefore, are deferred in the Fund Balance Sheet.	970
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 601,119</u>

CITY OF WESTON

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2018

REVENUES	
Property Taxes	\$ 75,520
Sales Taxes	7,199
Franchise Fees	13,035
Permits & Fees	5,476
Donations	100,000
Interest Income	114
TOTAL REVENUES	<u>201,344</u>
EXPENDITURES	
General Government	71,988
Public Health	8,947
Streets	6,700
Capital Outlay	5,656
TOTAL EXPENDITURES	<u>93,291</u>
NET CHANGE IN FUND BALANCES	108,053
FUND BALANCE - BEGINNING	206,181
FUND BALANCE - ENDING	<u>\$ 314,234</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2018

Net Change in Fund Balance - Governmental Funds	\$ 108,053
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives as depreciation expense:

Capital assets recorded in the current period	5,656
Depreciation expense on capital assets	(37,286)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:

Deferred Revenues - Property Taxes	(133)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 76,290</u>

CITY OF WESTON

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -

The City of Weston operates under a Council-Mayor form of government, following the laws of a General Law City as defined by the State of Texas. The City provides the following services: ambulance, inspection, streets, and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles accepted in the United States of America (GAAP) applicable to local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in P80 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected to not apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are discussed below:

A. REPORTING ENTITY

These financial statements present the City (the primary government). The City has no component units (separately administered organizations that are controlled or dependent on the City).

B. BASIC FINANCIAL STATEMENTS-GOVERNMENT-WIDE STATEMENTS:

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's ambulance, inspection, streets, and general administrative services are classified as governmental activities. The City does not provide any business-type activities.

In the government-wide Statement of Net Position governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts- invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net costs of each of the City's Functions (general government, public safety, and streets). The functions are also supported by general government revenues (property, sales and franchise taxes). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (building permits).

CITY OF WESTON

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Operating grants include operating-specific and discretionary grants while capital grants reflect capital specific grants.

The net costs (by function) are normally covered by general revenue (property, sales, and franchise taxes).

The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

C: BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS:

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The City only provides Governmental Fund type activities and these activities are accounted for the General Fund. The General Fund is the general operating fund of the City. It is used to account for all financial resources of the City.

The City does not provide any Business-type activities.

The City does not have any Fiduciary Funds.

D: MEASUREMENT FOCUS/BASIS OF ACCOUNTING:

Measurement focus refers to what is being measured; basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus applied.

1. Government-wide financial statements and fund financial statements for proprietary funds are presented using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total assets. Under the accrual basis of accounting revenues are recognized when earned and expensed are recognized at the time the liability is incurred.

2. Governmental fund financial statements are presented using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and

CITY OF WESTON

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

“Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (typical within 60 days after year end). Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principle and interest on general obligation long-term debt, if any, is recognized only when payment is due.

3. Revenue Recognition:

The City considers property taxes, franchise fees, sanitation revenues and grants as available if collected within 60 days after year end. Sales and hotel/motel taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental revenues are recognized when received.

4. Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted resources are available the City first applies restricted resources.

5. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles to local governments in the United States of America requires management and those charged with governance to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

6: New Accounting Principles:

The City has adopted all current GASB pronouncements that are applicable to its operations and activities. The accounting principles governing the reported amounts, financial presentations, and disclosures are subject to change from time to time based on new pronouncements and / or rules issued by various standards-setting bodies. The GASB has issued the following new statements that are potentially applicable to the City of Weston.

- Statement no, 88, *Certain Disclosures Related to Debt*. This statement is effective for fiscal years beginning after June 15, 2018.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The statement is effective for fiscal years beginning after December 15, 2019.
- Statement No. 90, *Majority Equity Interests*. This statement will not affect the City.

CITY OF WESTON

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

New pronouncements not yet in effect as of September 30, 2018, are not expected to have any significant impact on the City's financial position, results of operations, or cash flows. The City is currently studying these new pronouncements and will adopt them in the fiscal year ending September 2018, as required.

E. FINANCIAL STATEMENT AMOUNTS:

1. Cash and cash Equivalents:

The City has defined cash and cash equivalents to include cash on hand and demand deposits.

2. Capital Assets:

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, or improvements and other capital outlays that significantly extend the useful lives of assets are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is provided on the straight-line basis over the following estimated useful lives:

Buildings	15 years
Office Equipment	3 - 5 years
Infrastructure	10-30 years

3. Deferred Outflows/Inflows of Resources:

In additions to assets the statement of position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not currently have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometime report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has only one type of item, which arises only under modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable property tax revenue, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF WESTON

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

4. Taxes:

Property tax is levied each October 1 on the assessed (appraised) value as of the prior January 1 for all real and personal property located in the City. Taxes are due October 1, the levy date, and are delinquent after the following January 31. Property taxes are recorded as receivables in the period they are levied and available. For governmental fund financial reporting, delinquent taxes estimated not to be available are treated as deferred revenues at the time the taxes are assessed.

5. Prepaid Expenses:

Prepaid expenses represent payments made by the City in the current year to provide services occurring in the subsequent year.

6. Compensated Absences and Retirement Plan:

The City Secretary is the only paid employee of the City. The amount, if any, of any accrued compensated absences is immaterial and is not recorded in these financial statements. The City does not provide a retirement plan for its employee.

7. Equity Classifications:

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Any outstanding debt is reduced by any unspent debt proceeds at the end of the fiscal year before the reduction discussed above.
- b. Restricted net position - Consists of net assets with constraints placed on the use either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net assets that do not meet the criteria of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable (prepaid expenses), restricted (by parties outside of the government or by enabling legislation), committed (by City Council ordinance or resolution) and unassigned.

CITY OF WESTON

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

F: BUDGETS AND BUDGETARY ACCOUNTING:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1: Prior to September 1, the City Secretary submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- 2: Public hearings are conducted to obtain taxpayer comments.
- 3: Prior to October 1, the budget is legally enacted through the passage of an ordinance.
- 4: Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 5: Unused appropriations for all of the above annually budgeted funds lapse at the end of the fiscal year.

For the fiscal year ending September 30, 2018 the following departments had expenditures exceeding appropriations:

<u>Department</u>	<u>Amount over Budget</u>
Capital Outlay	\$5,656

NOTE 2: CASH:

At September 30, 2018 the City's cash and cash equivalents were made up of the following:

Petty Cash	\$ 1,680
Held at a local bank	<u>343,838</u>
	<u>\$ 345,518</u>

CITY OF WESTON

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

Deposit and Investment Risk Disclosures:

(1) Custodial credit risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of outside parties.

At September 30, 2018 the City's bank balances (per bank) totaled \$346,039. All of the bank balances were covered by federal depository insurance or collateral pledged by the financial institution. The City was not exposed to custodial credit risk at September 30, 2018.

Securities pledged by the City's depository institution at September 30, 2018 are as follows:

SECURITY	PAR	FMV
Bexar County Cert of Oblig	\$ 10,000	\$ 11,197
Georgetown TX ISD Bond	<u>100,000</u>	<u>100,793</u>
	<u>\$ 110,000</u>	<u>\$ 111,990</u>

(2) Interest rate risk, credit risk, and concentration of credit risk:

The City does not have any investments and therefor is not subject to interest rate risk, credit risk or concentration of credit risk.

NOTE 3: RESTRICTED CASH:

At September 30, 2018 the City has restricted cash as follows:

Developer Advances

In September 2009 Land Advisors, LTD., a local developer, advanced the City \$10,000 to be used solely for future development costs. At September 30, 2018 the City held \$1,366 of restricted development funds which are held in a separately maintained developer escrow bank account. There were no disbursements from the account during the fiscal year. As these remaining funds are expended the developer will be required to deposit additional funds in to the developer escrow account.

In March 2017 a local developer advanced the City \$6,500 to be used for expenses to be incurred by the City related to the developer's application for a planned development in the City. Thru September 30, 2018 the City had expended \$5,677 of the developer's deposit leaving a balance of \$823 outstanding at September 30, 2018.

CITY OF WESTON

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

In June 2017 a local developer advanced the City \$25,000 to be used for expenses to be incurred by the City related to the developer’s application for a planned development in the City. Thru September 30, 2018 the City had expended \$3,486 of the developer’s deposit leaving a balance of \$21,514 outstanding at September 30, 2018.

NOTE 4: CAPITAL ASSETS:

Capital assets activity for the fiscal year ended September 30, 2018 is as follows:

CAPITAL ASSETS:	BEGINNING	ADDITIONS	DISPOSALS	ENDING
Land-Parks	\$ 34,500	\$ 0	\$ 0	\$ 34,500
Building & Improvements	112,919	5,656	0	118,575
Equipment	30,374	0	0	30,374
Infrastructure	<u>315,245</u>	<u>0</u>	<u>0</u>	<u>315,245</u>
TOTAL	\$ <u>493,038</u>	<u>5,656</u>	<u>0</u>	<u>498,694</u>
LESS ACCUMULATED DEPRECIATION:				
Building & Improvements	\$ 70,011	4,871	0	74,882
Office Equipment	14,864	1,658	0	16,522
Infrastructure	<u>90,618</u>	<u>30,757</u>	<u>0</u>	<u>121,375</u>
TOTAL ACCUM. DEPRECIATION	<u>175,493</u>	<u>37,286</u>	<u>0</u>	<u>212,779</u>
CAPITAL ASSETS, NET	\$ <u>317,545</u>	\$ <u>(31,630)</u>	\$ <u>0</u>	\$ <u>285,915</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 6,529
Public Works	<u>30,757</u>
Total Depreciation Expense	<u>\$ 37,286</u>

NOTE 5: LONG-TERM DEBT:

The City does not currently have any long-term debt.

CITY OF WESTON

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 6: RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Texas Municipal League Intergovernmental Risk Pool (“TMLIRP”) which is a public entity insurance risk pool. Annual contributions to TML are reported in the general fund. Management believes coverage presently purchased from TMLIRP is sufficient to preclude significant uninsured losses to the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WESTON
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2018

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
RESOURCES (INFLOWS)				
Property Taxes	\$ 75,303	\$ 75,303	\$ 75,520	\$ 217
Sales Taxes	5,000	5,000	7,199	2,199
Franchise Fees	10,500	10,500	13,035	2,535
Permits & Fees	550	550	5,476	4,926
Donations	0	50,000	100,000	50,000
Interest Income	50	50	114	64
TOTAL RESOURCES (INFLOWS)	91,403	141,403	201,344	59,941
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government:				
Public Notices & Filing Fees	600	600	445	155
Dues & Subscriptions	563	563	634	(71)
Insurance	1,587	1,587	1,581	6
Accounting Services	2,500	2,500	2,500	0
Legal Services	4,500	4,500	6,588	(2,088)
Engineering Services	2,500	2,500	5,431	(2,931)
Planning Services	0	8,000	4,225	3,775
Tax Appraisal & Collection Services	821	821	774	47
Election	1,850	1,850	2,104	(254)
Repair & Maintenance	4,940	6,440	5,786	654
Supplies, Travel & Training	2,610	2,610	2,941	(331)
Promotion	450	450	682	(232)
Telephone, Utilities, Security & Website	8,642	8,642	8,515	127
Payroll Taxes	2,027	2,027	2,265	(238)
Wages	31,680	31,680	27,517	4,163
Total General Government	65,270	74,770	71,988	2,782
Public Health				
Animal Control	5,000	5,000	5,000	0
EMS Services	3,947	3,947	3,947	0
Total Public Health	8,947	8,947	8,947	0
Streets				
Street Repairs & Signs	3,200	7,200	6,700	500
TOTAL STREETS	3,200	7,200	6,700	500
Capital Outlay:				
Building Improvements	0	0	5,656	(5,656)
TOTAL CAPITAL OUTLAY	0	0	5,656	(5,656)
TOTAL APPROPRIATIONS (OUTFLOWS)	77,417	90,917	93,291	(2,374)
EXCESS OF RESOURCES OVER UNDER APPROPRIATIONS	13,986	50,486	108,053	<u>\$ 57,567</u>
BEGINNING BUDGETARY FUND BALANCE	206,181	206,181	206,181	
ENDING BUDGETARY FUND BALANCE	<u>\$ 220,167</u>	<u>\$ 256,667</u>	<u>\$ 314,234</u>	\$

OTHER SUPPLEMENTARY INFORMATION

CITY OF WESTON
COMPARATIVE SCHEDULE OF REVENUES & EXPENDITURES-GENERAL FUND

For the Year Ended September 30, 2018, 2017 & 2016

	Year Ending September 30,		
	2018	2017	2016
RESOURCES (INFLOWS)			
Property Taxes	\$ 75,520	\$ 69,974	\$ 68,280
Sales Taxes	7,199	6,445	7,574
Franchise Fees	13,035	10,853	10,479
Permits & Fees	5,476	4,674	2,616
Donations	100,000	0	0
Interest Income	114	87	210
TOTAL RESOURCES (INFLOWS)	201,344	92,033	89,159
CHARGES TO APPROPRIATIONS (OUTFLOWS)			
General Government:			
Public Notices & Filing Fees	445	509	579
Dues & Subscriptions	634	563	550
Insurance	1,581	1,492	1,370
Accounting Services	2,500	2,500	2,500
Legal Services	6,588	4,966	2,725
Engineering Services	5,431	1,500	500
Planning Services	4,225	0	0
Tax Appraisal & Collection Services	774	762	246
Election	2,104	75	0
Repair & Maintenance	5,786	10,723	20,932
Supplies, Travel & Training	2,941	1,888	2,547
Promotion	682	450	0
Telephone, Utilities, Security & Website	8,515	8,776	9,434
Payroll Taxes	2,265	2,237	2,455
Wages	27,517	29,132	29,364
Total General Government	71,988	65,573	73,202
Public Health			
Animal Control	5,000	2,083	0
EMS Services	3,947	4,307	4,500
Total Public Health	8,947	6,390	4,500
Streets			
Street Repairs & Signs	6,700	2,875	322
TOTAL STREETS	6,700	2,875	322
Capital Outlay:			
Building Improve./Office Equip./Public Works	5,656	32,946	117,040
TOTAL CAPITAL AOUTLAY	5,656	32,946	117,040
TOTAL APPROPRIATIONS (OUTFLOWS)	93,291	107,784	195,064
EXCESS OF RESOURCES OVER UNDER APPROPRIATIONS	\$ 108,053	\$ (15,751)	\$ (105,905)

WILLIAM C. SPORE, P.C.
Certified Public Accountants
200 N. Rufe Snow Dr., Ste 116
Keller, TX 76248
817-421-6619

To the City Council
City of Weston

In planning and performing my audit of the financial statements of the governmental activities and major fund of the City of Weston as of and for the year ending September 30, 2018, in accordance with auditing standards generally accepted in the United States of America, I considered the City of Weston' internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, I do not express an opinion on the effectiveness of the governmental unit's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A materiel weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be a material weakness.

This communication is intended solely for the information and use of management and City Council and is not intended to be and should not be used by anyone other than these specified parties.

William C. Spore, PC
Certified Public Accountants
January 8, 2019