

**CITY OF WESTON**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

## TABLE OF CONTENTS

	PAGE #
INDEPENDENT AUDITOR'S REPORT	1
CITY OFFICIALS	2
REQUIRED SUPPLEMENTARY INFORMATION: Management's Discussion and Analysis	3-8 Not included in Draft
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Statement of Revenues, Expenditures and	
Changes in Fund Balance - Governmental Funds	12
Notes to Financial Statements	13-21
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule	22
OTHER SUPPLEMENTARY INFORMATION:	
Comparative Schedule of Revenues & Expenditures - General Fund	23
Schedule of Property Taxes	24

**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

DRAFT

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, 2015, 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, 2015, 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 and the schedule of property taxes are presented for additional analysis and are not a part of the basic financial statements.

The schedule of comparative revenues and expenditures - general fund and the schedule of property taxes are the responsibility of management and were 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 and the schedule of property taxes are 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

December 8, 2015

**CITY OF WESTON**

**CITY OFFICIALS**

**September 30, 2015**

**MAYOR**

**Patti Harrington**

**MAYOR PRO TEM**

**Kevin Deal**

**COUNCILMEN**

**Carol Decker**

**Randall Hales**

**Bruce Morrell**

**John Tingle**

**SECRETARY**

**Susan Coffey**

**CITY ATTORNEY**

**Taylor, Olsen, Adkins, Stralla & Elam**



**CITY OF WESTON**  
**GOVERNMENT-WIDE**  
**STATEMENT OF NET POSITION**

*September 30, 2015*

**GOVERNMENTAL**  
**ACTIVITIES**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 327,469
Restricted Cash	1,540
Receivables:	
Sales & Franchise Taxes	5,206
Property Taxes	747
Capital Assets:	
Land - Parks	34,500
Buildings	78,748
Equipment	30,374
Public Works	199,430
Accumulated Depreciation	(114,426)
Net Capital Assets	<u>228,626</u>
<b>TOTAL ASSETS</b>	<u>563,588</u>

**LIABILITIES**

Accounts Payable	3,672
Accrued Expenses	1,177
Developer Advances Payable	1,529
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,378</u>
<b>TOTAL LIABILITIES</b>	<u>6,378</u>

**NET POSITION**

Invested in Capital Asset, Net of Related Debt	228,626
Unrestricted	328,584
<b>TOTAL NET POSITION</b>	<u>\$ 557,210</u>

## CITY OF WESTON

GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

<b>FUNCTIONS/PROGRAMS</b>	<b>EXPENSES</b>	<b>CHARGES FOR SERVICES</b>	<b>CAPITAL DONATIONS</b>	<b>NET GOVERNMENTAL ACTIVITIES</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
General Government	\$ (61,220)	\$ 2,368	\$ 34,500	\$ (24,352)
Public Health	(5,284)	0	0	(5,284)
Streets	(23,073)	0	0	(23,073)
Interest on Long-Term Debt	(1,938)	0	0	(1,938)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ (91,515)</b>	<b>\$ 2,368</b>	<b>\$ 34,500</b>	<b>(54,647)</b>
<b>GENERAL REVENUE</b>				
Property Taxes				54,987
Sales Taxes				9,376
Franchise Fees				12,233
Interest Income				90
<b>TOTAL GENERAL REVENUE</b>				<b>76,686</b>
<b>CHANGE IN NET ASSETS</b>				<b>22,039</b>
<b>NET POSITION - BEGINNING</b>				<b>535,171</b>
<b>NET POSITION - ENDING</b>				<b>\$ 557,210</b>

**CITY OF WESTON**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**September 30, 2015**

<b>ASSETS</b>	<b>GENERAL FUND</b>
Cash	\$ 327,469
Restricted Cash - Developer Advances	1,540
Receivable - Sales & Franchise Taxes	5,206
Receivable - Property Taxes	747
<b>TOTAL ASSETS</b>	<b>\$ 334,962</b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 3,672
Accrued Payroll Taxes	1,177
Developer Advances Payable	1,529
<b>TOTAL LIABILITIES</b>	<b>6,378</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Taxes	747
<b>FUND BALANCE</b>	
Unassigned, Reported In General Fund	327,837
<b>TOTAL FUND BALANCE</b>	<b>327,837</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCE</b>	<b>\$ 334,962</b>

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

Fund Balance Above	\$ 327,837
 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	228,626
Receivables that are not available to pay for current period expenditures are not considered current revenues in the fund statements:	
Property Taxes	747
Long term liabilities are not due and payable in the current period and therefore are not reported in the Fund Balance Sheet	0
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 557,210</b>



**CITY OF WESTON**

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

*For the Year Ended September 30, 2015*

<b>REVENUES</b>	<b>GENERAL FUND</b>
Property Taxes	\$ 55,131
Sales Taxes	9,376
Franchise Fees	12,233
Permits & Fees	2,368
Developer Donations	34,500
Interest Income	90
<b>TOTAL REVENUES</b>	<b>113,698</b>
<b>EXPENDITURES</b>	
General Government	56,152
Public Health	5,284
Streets	3,897
Capital Outlay	39,250
Debt Service - Principle	65,484
Debt Service - Interest	1,938
<b>TOTAL EXPENDITURES</b>	<b>172,005</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(58,307)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>386,144</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 327,837</b>

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

Net Change in Fund Balance - Governmental Funds	\$	(58,307)
---	----	----------

Repayment on debt principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	65,484
--	--------

Capital assets recorded in the current period	39,250
---	--------

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 (144)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

## CITY OF WESTON

### NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

#### 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, 2015**

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, 2015

“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 GASB has issued the following statements that will be effective in the future years.

*No. 72, Technical Corrections – amendment of GASB Statements No. 10 and No. 62.* This statement will not affect the City.

*No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68,* This statement will not affect the City.

*No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* This statement will not affect the City.

*No 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This statement will not affect the City.



## **CITY OF WESTON**

### **NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

#### **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.

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.

##### **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.

## CITY OF WESTON

### NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

#### **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, 2015**

**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, 2015 the following departments had expenditures exceeding appropriations:

<u>Department</u>	<u>Amount over Budget</u>
Capital Additions	\$ 34,500

**NOTE 2: CASH:**

At September 30, 2015 the City's cash and cash equivalents were made up of the following:

Petty Cash	\$ 788
Held at a local bank	328,221
	<u>\$ 329,009</u>



**CITY OF WESTON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

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, 2015 the City's bank balances (per bank) totaled \$327,406. Of the bank balances, \$250,000 was covered by federal depository insurance and the remaining \$77,406 was secured by collateral held by the pledging Bank's agent in the name of the City. The City was not exposed to custodial credit risk at September 30, 2015.

Securities pledged by the City's depository institution at September 30, 2015 are as follows:

SECURITY	PAR	FMV
Federal Home Loan Bank	\$ <u>202,659</u>	\$ <u>210,337</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, 2015 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, 2015 the City held \$1,541 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.

**CITY OF WESTON**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**NOTE 4: CAPITAL ASSETS:**

Capital assets activity for the fiscal year ended September 30, 2015 is as follows:

<b>CAPITAL ASSETS:</b>	<b>BEGINNING</b>	<b>ADDITIONS</b>	<b>DISPOSALS</b>	<b>ENDING</b>
Land-Parks	\$ 0	\$ 34,500	\$ 0	\$ 34,500
Building & Improvements	75,098	3,650	0	78,748
Equipment	30,205	1,100	931	30,374
Infrastructure	<u>199,430</u>	<u>0</u>	<u>0</u>	<u>199,430</u>
<b>TOTAL</b>	<b>\$ <u>304,733</u></b>	<b><u>39,250</u></b>	<b><u>931</u></b>	<b><u>343,052</u></b>
<b>LESS ACCUMULATED DEPRECIATION:</b>				
Building & Improvements	\$ 59,632	2,966	0	62,598
Office Equipment	9,973	2,102	931	11,144
Infrastructure	<u>21,508</u>	<u>19,176</u>	<u>0</u>	<u>40,684</u>
<b>TOTAL ACCUM. DEPRECIATION</b>	<b><u>91,113</u></b>	<b><u>24,244</u></b>	<b><u>931</u></b>	<b><u>114,426</u></b>
<b>CAPITAL ASSETS, NET</b>	<b>\$ <u><u>213,620</u></u></b>	<b>\$ <u><u>15,006</u></u></b>	<b>\$ <u><u>0</u></u></b>	<b>\$ <u><u>228,626</u></u></b>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 5,068
Public Works	<u>19,176</u>
Total Depreciation Expense	<u>\$ 24,244</u>

**NOTE 5: LONG-TERM DEBT:**

The following is a summary of the long-term debt transactions of the City for the year ended September 30, 2015:

	<b>BEGINNING</b>	<b>ADDITIONS</b>	<b>PAYMENTS</b>	<b>ENDING</b>
Note Payable-Collin County	\$ 65,484	\$ 0	\$ 65,484	\$ 0
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ <u>65,484</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>65,484</u></b>	<b>\$ <u>0</u></b>



## **CITY OF WESTON**

### **NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

#### **Note Payable Collin County**

During 2012 the City entered into an interlocal agreement with Collin County for the improvement of certain shared roads. The City agreed to pay \$123,529 of the total cost of the road improvements and the County agreed to finance the improvements. The loan agreement required the City to make 120 monthly installments of \$1,222. The first installment was due November 1, 2011 and the loan bears interest at 3.50%. The City paid of the loan in April 2015.

#### **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.

#### **NOTE 7: SUBSEQUENT EVENTS:**

Management has reviewed subsequent events and transactions that occurred after the balance sheet date through December 8, 2015 (the date the City Council approved the financial statements). The financial statements include all Type I events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management and those charged with governance have determined that there are no non-recognized Type II subsequent events which would require additional disclosure.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF WESTON

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2015

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
<b>RESOURCES (INFLOWS)</b>				
Property Taxes	\$ 55,908	\$ 55,908	55,131	\$ (777)
Sales Taxes	4,500	4,500	9,376	4,876
Franchise Fees	14,000	14,000	12,233	(1,767)
Permits & Fees	465	465	2,368	1,903
Developer Donations	0	0	34,500	34,500
Interest Income	175	175	90	(85)
<b>TOTAL RESOURCES (INFLOWS)</b>	<b>75,048</b>	<b>75,048</b>	<b>113,698</b>	<b>38,650</b>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
General Government:				
Public Notices & Filing Fees	700	986	558	428
Dues & Subscriptions	536	536	536	0
Election Costs	5,000	0	0	0
Insurance	1,550	1,550	1,394	156
Accounting Services	2,500	2,500	2,500	0
Legal Services	6,000	4,043	2,768	1,275
Engineering Services	2,500	1,000	0	1,000
Tax Appraisal & Collection Costs	600	595	597	(2)
Repair & Maintenance	4,210	5,805	5,150	655
Supplies	2,676	3,303	2,978	325
Telephone, Utilities & Website	9,561	10,634	10,557	77
Travel & Training	100	164	136	28
Payroll Taxes	2,815	2,753	2,068	685
Wages	28,000	27,200	26,910	290
<b>Total General Government</b>	<b>66,748</b>	<b>61,069</b>	<b>56,152</b>	<b>4,917</b>
Public Health:				
Code Enforcement & Inspection	100	0	0	0
EMS Services	5,461	5,461	5,284	177
<b>Total Public Health</b>	<b>5,561</b>	<b>5,461</b>	<b>5,284</b>	<b>177</b>
Streets:				
Street Repairs & Signs	24,006	59,105	3,897	55,208
Capital Additions:				
Building Improvements	0	3,650	3,650	0
Office Equipment	1,100	1,100	1,100	0
Parks Land	0	0	34,500	(34,500)
<b>Total Capital Additions</b>	<b>1,100</b>	<b>4,750</b>	<b>39,250</b>	<b>(34,500)</b>
Debt Service:				
Collin County Loan Payments	26,658	67,422	67,422	0
<b>TOTAL APPROPRIATIONS (OUTFLOWS)</b>	<b>124,073</b>	<b>197,807</b>	<b>172,005</b>	<b>25,802</b>
<b>EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS</b>	<b>(49,025)</b>	<b>(122,759)</b>	<b>(58,307)</b>	<b>64,452</b>
Beginning Budgetary Fund Balance	386,144	386,144	386,144	0
Ending Budgetary Fund Balance	\$ <u>337,119</u>	\$ <u>263,385</u>	<u>327,837</u>	\$ <u>64,452</u>

## **OTHER SUPPLEMENTARY INFORMATION**

## CITY OF WESTON

## COMPARATIVE SCHEDULE OF REVENUES &amp; EXPENDITURES - GENERAL FUND

For the Year Ended September 30, 2015, 2014 &amp; 2013

	Year Ending September 30,		
REVENUES	2015	2014	2013
Property Taxes	\$ 55,131	\$ 51,021	\$ 43,334
Sales Taxes	9,376	6,602	6,474
Franchise Fees	12,233	14,676	12,509
Permits & Fees	2,368	1,615	2,185
Miscellaneous Revenues	0	0	769
Interest Income	90	194	374
Developer Donations/Reimbursements	34,500	41	1,007
<b>TOTAL REVENUES</b>	<b>113,698</b>	<b>74,149</b>	<b>66,652</b>
<b>EXPENDITURES</b>			
General Government:			
Advertising & Public Notices	558	685	383
Dues & Subscriptions	536	460	622
Election Costs	0	0	75
Insurance	1,394	1,402	1,541
Accounting Services	2,500	2,500	2,500
Legal Services	2,768	4,416	12,421
Engineering Services	0	500	1,812
Tax Appraisal & Collection Costs	597	576	519
Repair & Maintenance	5,150	3,105	4,195
Supplies	2,978	3,731	1,779
Telephone, Utilities & Website	10,557	8,202	9,505
Travel & Training	136	0	36
Payroll Taxes	2,068	2,177	1,616
City Secretary-Wages	26,910	26,480	18,552
<b>Total General Government</b>	<b>56,152</b>	<b>54,234</b>	<b>55,556</b>
Development Expenses			
Public Health:			
Code Enforcement & Inspection Services	0	50	640
Donation to Fire Department	0	0	400
Ambulance Services	5,284	5,461	5,572
<b>Total Public Health</b>	<b>5,284</b>	<b>5,511</b>	<b>6,612</b>
Streets:			
Street Repairs, Improvements & Signs	3,897	645	2,717
Capital Additions:			
Building/Office Equipment/Public Works	39,250	146,116	22,023
Debt Service:			
Collin County Loan Payments	67,422	26,658	38,232
<b>TOTAL EXPENDITURES</b>	<b>172,005</b>	<b>233,164</b>	<b>125,140</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (58,307)</b>	<b>\$ (159,015)</b>	<b>(58,488)</b>



**CITY OF WESTON**  
**SCHEDULE OF PROPERTY TAXES**  
**September 30, 2015**

Property Tax Year	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Assessed Value	\$ 15,018,414	\$ 14,075,961	\$ 13,865,183	\$ 12,410,260
Tax Rate per \$100 of Assessed Value	<u>0.360000</u>	<u>0.360000</u>	<u>0.300000</u>	<u>0.300000</u>
Total Tax Levy	\$ <u>54,066</u>	\$ <u>50,673</u>	\$ <u>41,596</u>	\$ <u>37,231</u>
Collections During Fiscal Year	\$ <u>53,762</u>	\$ <u>50,145</u>	\$ <u>41,097</u>	\$ <u>36,419</u>
% of Current Taxes Collected	<u>99.44%</u>	<u>98.96%</u>	<u>98.80%</u>	<u>97.82%</u>

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable at that time. All unpaid taxes levied October 1 become delinquent on February 1 of the following year.

**WILLIAM C. SPORE, P.C.**  
**Certified Public Accountants**  
**200 N. Rufe Snow Dr., Ste 16**  
**Keller, TX 76248**  
**817-421-6619**

---

December 8, 2015

To the Mayor & City Council  
City of Weston

I have audited the financial statements of the governmental activities and the major funds of the City of Weston for the year ended September 30, 2015, and have issued my report thereon dated December 8, 2015. Professional standards require that I provide you with the following information about my responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated September 8, 2015. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Weston are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was:

Management's estimate of depreciation expense is based on the estimated useful lives of the related assets. I evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

*Corrected and Uncorrected Misstatements*

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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

#### *Management Representations*

I have requested certain representations from management that are included in the management representation letter dated December 8, 2015.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

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

Very truly yours,

*William C. Spore*

Certified Public Accountant



**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, 2015, 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  
December 8, 2015