

**CITY OF WESTON**  
**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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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, 2013, 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, 2013, 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

January 14, 2014

**CITY OF WESTON**

**CITY OFFICIALS**

**September 30, 2013**

**MAYOR**

**Patti Harrington**

**MAYOR PRO TEM**

**Bruce Morrell**

**COUNCILMEN**

**Kevin Deal**

**Carol Decker**

**Randall Hales**

**John Tingle**

**SECRETARY**

**Susan Coffey**

**CITY 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, 2013. 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, 2013 by \$542,693, a decrease of \$15,244.
- The City's governmental fund balance decreased \$58,488 during the 2013 fiscal year to a total of \$545,159.

#### 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 9) 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 10) 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 13.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City’s net position as of September 30, 2013 and 2012 are as follows:

<b>NET POSITION</b>			
	<b>2013</b>		<b>2012</b>
Current and Other Assets	\$ 551,743	\$	621,560
Capital Assets	86,187		75,647
Total Assets	<u>637,930</u>		<u>697,207</u>
Long-Term Debt	(77,744)		(113,916)
Other Liabilities	(17,493)		(25,354)
Total Liabilities	<u>(95,237)</u>		<u>(139,270)</u>
Net Position:			
Invested in Capital Assets, net of debt	67,360		22,748
Restricted	70,631		72,647
Unrestricted	404,702		462,542
Total Net Position	<u>\$ 542,693</u>	\$	<u>557,937</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 Honey Creek Ranch

development expenses (\$1,582) and for capital improvements (\$70,631). The remaining cash balances of \$473,765 at September 30, 2013 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.

During 2012 the City entered into an interlocal agreement with Collin County for improvements to roads shared by the City and Collin County. The City agreed to pay for their share of the paving of the identified roads and Collin County agreed to finance the City's portion of the total cost (\$123,529) of the improvements. The loan agreement calls for 120 monthly installments of \$1,220. During 2013 the City made principle payments of \$24,000 in addition to the required monthly installments. These accelerated payments reduced future interest payments by \$7,906. The agreement included improvements to three shared roads, one of which was completed during fiscal year 2012. It is anticipated that the other two roads will be completed in 2014.

### Analysis of City's Operations

The following table provides a summary of the City' Changes in Net Position for the years ended September 30, 2013 & 2012.

	2013	2012
REVENUES		
Program Revenues:		
Charges for Services	\$ 2,954	\$ 2,998
Developer Reimbursements	0	0
Capital Grants	0	(14,195)
General Revenues:		
Property Taxes	42,974	38,053
Sales Taxes	6,474	5,357
Franchise Fees	12,509	13,231
Oncor Easement Agreement	0	474,291
Interest Income	374	134
Total Revenues	<u>65,285</u>	<u>519,869</u>
PROGRAM EXPENSES		
General Government	61,623	66,056
Development	0	28,327
Public Health	6,612	6,079
Streets	8,133	5,928
Interest on Long-Term Debt	4,161	0
Total Expenses	<u>80,529</u>	<u>106,390</u>
Increase (Decrease) in Net Position	\$ <u>(15,244)</u>	\$ <u>413,479</u>

During the 2011 and 2012 fiscal years the City had been in negotiations with Oncor Electric Delivery Company L.L.C. (Oncor) for the placement of an electric delivery transmission line in the City limits. In July 2012 City and Oncor reached an agreement and the City received a one time payment of \$479,666 for the easement rights for the transmission line. The funds received by the City from Oncor are unrestricted. For government-wide reporting purposes \$5,375 of these funds were recorded as revenues in fiscal year 2011 and the remaining \$474,291 were recorded as revenues in fiscal year 2012 revenues. There were no similar revenues in 2013.



In 2011 the City was approved for a Energy Efficiency and Conservation Block Grant (energy grant) in the amount of \$23,030. Through September 30, 2011 the City had expended \$16,138 for building improvements related to the energy grant and this amount was reflected as a receivable and revenues in the 2011 statement of net position and statement of activities. During 2012 the City received four of the six reimbursements it requested from the State of Texas totaling \$1,943. The remaining two reimbursement requests were rejected by the State of Texas due to missing information and the City has been unable to receive the proper paper work from the contractors it used for the energy improvements. The capital grant revenues above for 2012 reflect a negative amount due to the City not receiving all of the grant reimbursement requests.

When factoring out the one-time events described in the above two paragraphs the City’s 2013 revenues increased \$5,512 (9%) over 2012 adjusted revenues.

During 2012 the City incurred development expenses (legal and engineering expenses) related to the Oncor easement agreement and the Honey Creek developer agreement. These expenses totaled \$28,327 in 2012. The City did not incur any development expenses in fiscal year 2013.

In October 2012 the City began the monthly installments to repay the loan from Collin County for road improvements. During 2013 the City paid a total of \$4,161 in interest expense on the loan.

### 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:

	2013		2012
REVENUES			
Property Taxes	\$ 43,334	\$	38,366
Sales Taxes	6,474		5,357
Franchise Fees	12,509		13,231
Intergovernmental Revenues	0		1,943
Permits & Fees	2,185		2,303
Miscellaneous Revenues	769		695
Interest Income	374		134
Oncor Easement Agreement	0		479,966
Developer Reimbursements	1,007		0
Loan Proceeds	0		123,529
<b>TOTAL REVENUES</b>	<b>66,652</b>		<b>665,524</b>

	<b>2013</b>	<b>2012</b>
EXPENDITURES		
General Government	55,556	59,466
Development Expenses	0	28,327
Public Health	6,612	6,079
Streets	2,717	4,038
Capital Outlay	22,023	52,899
Debt Service	38,232	0
TOTAL EXPENDITURES	<u>125,140</u>	<u>150,809</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (58,488) \$</u>	<u>514,715</u>

During fiscal year 2012 the City received \$479,966 in a one time easement agreement from Oncor and the City entered into a loan agreement with Collin County from which the City received \$123,529 of loan proceeds to be used for road improvements. There were no comparative revenues for these items in 2013.

The City increased the hours of operations for City Hall during 2013 which caused the City Secretary personnel costs to increase \$2,594 and the City expended \$2,996 in 2013 for design and improvements to the City's web-site. During 2012 the City expended \$16,000 for repairs to City Hall and Community Center buildings; there were no similar expenditures in 2013.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

In October 2013 the City Council amended the City 2013 budget. The budget amendments increased budgeted revenues by \$11,154 and increased budgeted expenditures by \$59,859. The original budget deficit was \$20,196 and the amended budget deficit was \$68,901. These budget deficits were funded from fund balances on hand at the beginning of the fiscal year.

Total actual revenues exceeded originally budgeted revenues by \$13,016 primarily due to an increase in property tax revenues (\$5,334), sales tax revenues (\$2,474), franchise fee revenues (\$1,341) and permit revenues (\$1,835).

Actual expenditures of \$125,140 exceeded originally budgeted expenditures of \$73,832 primarily due to expenditures for legal fees (\$12,421 actual vs \$5,625 budgeted), repair and maintenance (\$4,195 actual vs \$1,675 budgeted), telephone, utilities and web-site expenditures (\$9,505 actual vs \$5,857 budgeted). The City also expended \$20,950 for a civil defense siren which was not included in the original budget and the City paid an additional \$24,000 of principle on the Collin County loan that was not included in the original budget.

### **CAPITAL ASSETS**

The City's investment in capital assets as of September 30, 2013 amounts to \$86,187 (net of depreciation). The investment in capital assets includes buildings, office equipment and infrastructure. A schedule of capital assets is as follows:

**CAPITAL ASSETS AT YEAR END NET  
OF ACCUMULATED DEPRECIATION**

	2013		2012
Buildings	\$ 15,349	\$	19,598
Office Equipment	22,211		2,006
Infrastructure	48,627		54,043
TOTAL	\$ <u>86,187</u>	\$	<u>75,647</u>

The major capital addition during the current fiscal year was the acquisition of a civil defense siren at a cost of \$20,950. Additional information on the City’s capital assets can be found in Note 4.

**DEBT ADMINISTRATION**

The City issued long-term debt during 2012 for road improvements in the amount of \$123,529. Outstanding long-term debts are as follows:

	2013		2012
Note Payable-Collin County	\$ <u>86,187</u>	\$	<u>123,529</u>

Additional information on the City’s long-term debts can be found in Note 5.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The fiscal year 2014 budget included budgeted revenues of \$67,728 and budgeted expenditures of \$80,681. This budgeted deficit will be funded from funds on hand at the beginning of the 2014 fiscal year. Budgeted revenues include property taxes of \$50,760, which were based on a tax rate of 36 cents per \$100 of assessed value, an increase of 6 cents over the 2012 tax rate, sales tax revenues of \$4,000 and franchise fee revenues of \$12,168.

Budgeted 2014 expenditures include \$30,402, for salaries and benefits, \$6,000 for legal fees, \$5,461 for ambulance services, and \$17,358 for road repairs, improvements and road debt service.

**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, 2013*

**GOVERNMENTAL  
ACTIVITIES**

**ASSETS**

**CURRENT ASSETS**

Cash	\$	473,765
Restricted Cash		72,213
Receivables:		
Sales & Franchise Taxes		4,960
Developer Reimbursements		0
Property Taxes		805

Capital Assets:

Buildings		71,723
Equipment		30,205
Public Works		56,689
Accumulated Depreciation		<u>(72,430)</u>
Net Capital Assets		<u>86,187</u>

**TOTAL ASSETS** 637,930

**LIABILITIES**

Accounts Payable		3,042
Accrued Expenses		1,167
Developer Advances Payable		1,570
Note Payable-Collin County		11,714

**TOTAL CURRENT LIABILITIES** 17,493

**NONCURRENT LIABILITIES**

Note Payable-Collin County		<u>77,744</u>
<b>TOTAL NONCURRENT LIABILITIES</b>		<u>77,744</u>

**TOTAL LIABILITIES** 95,237

**NET POSITION**

Invested in Capital Asset, Net of Related Debt		67,360
Restricted For:		
Capital Improvements		70,631
Unrestricted		404,702

**TOTAL NET POSITION** \$ 542,693

**CITY OF WESTON**

**GOVERNMENT-WIDE  
STATEMENT OF ACTIVITIES**

*For the Year Ended September 30, 2013*

<b>FUNCTIONS/PROGRAMS</b>	<u><b>EXPENSES</b></u>	<u><b>CHARGES FOR SERVICES</b></u>	<u><b>CAPITAL GRANTS</b></u>	<u><b>NET GOVERNMENTAL ACTIVITIES</b></u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
General Government	\$ (61,623)	\$ 2,954	\$ 0	\$ (58,669)
Public Health	(6,612)	0	0	(6,612)
Streets	(8,133)	0	0	(8,133)
Interest on Long-Term Debt	(4,161)	0	0	(4,161)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ (80,529)</b>	<b>\$ 2,954</b>	<b>\$ 0</b>	<b>(77,575)</b>
 <b>GENERAL REVENUE</b>				
Property Taxes				42,974
Sales Taxes				6,474
Franchise Fees				12,509
Oncor Easement Agreement				0
Interest Income				374
<b>TOTAL GENERAL REVENUE</b>				<u>62,331</u>
<b>CHANGE IN NET ASSETS</b>				(15,244)
<b>NET POSITION - BEGINNING</b>				<u>557,937</u>
<b>NET POSITION - ENDING</b>				<u><u>\$ 542,693</u></u>

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

*September 30, 2013*

		<b>GENERAL FUND</b>
<b>ASSETS</b>		
Cash	\$	473,765
Restricted Cash - Developer Advances		1,582
Restricted Cash - Collin County Escrow Funds		70,631
Receivable - Sales & Franchise Taxes		4,960
Receivable - Property Taxes		805
<b>TOTAL ASSETS</b>	<b>\$</b>	<u>551,743</u>
<b>LIABILITIES</b>		
Accounts Payable	\$	3,042
Accrued Payroll Taxes		1,167
Developer Advances Payable		1,570
Deferred Revenues		805
<b>TOTAL LIABILITIES</b>		<u>6,584</u>
<b>FUND BALANCE</b>		
Restricted For:		
Capital Improvements		70,631
Unassigned, Reported In General Fund		474,528
<b>TOTAL FUND BALANCE</b>		<u>545,159</u>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$</b>	<u><u>551,743</u></u>

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

Fund Balance Above	\$	545,159
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		86,187
Receivables that are not available to pay for current period expenditures are not considered current revenues in the fund statements:		
Property Taxes		805
Long term liabilities are not due and payable in the current period and therefore are not reported in the Fund Balance Sheet		(89,458)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<u><u>542,693</u></u>

CITY OF WESTON

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

*For the Year Ended September 30, 2013*

REVENUES	GENERAL FUND
Property Taxes	\$ 43,334
Sales Taxes	6,474
Franchise Fees	12,509
Permits & Fees	2,185
Developer Reimbursements	1,007
Miscellaneous Revenues	769
Interest Income	374
<b>TOTAL REVENUES</b>	<u>66,652</u>
EXPENDITURES	
General Government	55,556
Public Health	6,612
Streets	2,717
Capital Outlay	22,023
Debt Service - Principle	34,071
Debt Service - Interest	4,161
<b>TOTAL EXPENDITURES</b>	<u>125,140</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	 (58,488)
<b>FUND BALANCE - BEGINNING</b>	603,647
<b>FUND BALANCE - ENDING</b>	 \$ <u><u>545,159</u></u>

CITY OF WESTON

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

*For the Year Ended September 30, 2013*

Net Change in Fund Balance - Governmental Funds	\$	(58,488)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Repayment on debt principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	34,071
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Governmental funds report capital outlay as expenditures. However in the statement of activities the cost of these assets is allocated over the estimated useful lives as depreciation expense:

Capital assets recorded in the current period	22,023
Depreciation expense on capital assets	(11,483)

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

Developer Reimbursements Receivable	(1,007)
Deferred Revenues - Property Taxes	<u>(360)</u>

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>(15,244)</u></b>
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## CITY OF WESTON

### NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

#### **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 Assets 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 assets are reported in three parts- invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. 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, 2013

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, 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 assets 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 assets 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, 2013

“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:**

Effective October 1, 2012, the Town implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No.63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement amends the net asset reporting requirements of GASB No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The GASB has issued the following new statements that are potentially applicable to the Town of Bartonville.

No. 65, *Items Previously Reported as Assets and Liabilities* - This statement reclassifies certain items that were previously reported as assets and liabilities, as deferred outflows or inflows of resources, and recognizes these items as outflows or inflows of resources. This statement will become effective for the Town in fiscal year 2014.

**CITY OF WESTON**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

**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 an 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

GASB No. 34 requires the City to report and depreciate new infrastructure assets effective with the with the fiscal year beginning October 1, 2003. Infrastructure includes roads, bridges and drainage systems. These infrastructure assets are likely to be the largest asset class of the City. General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements.

**3. 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.

**4. Prepaid Expenses:**

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

**5. 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.

**CITY OF WESTON**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

**6. 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 assets - 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 assets - 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.

**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.

**CITY OF WESTON**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

**NOTE 2: CASH:**

At September 30, 2011 the City's cash and cash equivalents were made up of the following::

Petty Cash	\$	100
Held at a local bank		475,247
Held by Collin County		<u>70,631</u>
	\$	<u>545,978</u>

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, 2013 the City's bank balances (per bank) totaled \$475,248. Of the bank balances, \$250,000 was covered by federal depository insurance and the remaining \$225,248 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, 2013.

Securities pledged by the City's depository institution at September 30, 2013 are as follows:

SECURITY	PAR	FMV
Federal Home Loan Bank	\$ <u>310,002</u>	\$ <u>319,022</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, 2013 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, 2013 the City held \$1,582 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, 2013**

Collin County Road Improvement Funds

During 2013 the City entered into an interlocal agreement with Collin County for the improvement of certain roads shared by the City and the County. The City agreed to pay for a specific share of the cost to pave the roads and Collin County agreed to finance the City's portion. At September 30, 2013 not all of the road projects had been completed and the County held \$70,631 of loan proceeds in escrow.

**NOTE 4: CAPITAL ASSETS:**

Capital assets activity for the fiscal year ended September 30, 2013 is as follows:

<b>CAPITAL ASSETS:</b>	<b>BEGINNING</b>	<b>ADDITIONS</b>	<b>DISPOSALS</b>	<b>ENDING</b>
Building & Improvements	\$ 70,650	\$ 1,073	\$ 0	\$ 71,723
Equipment	9,255	20,950	0	30,205
Infrastructure	<u>56,689</u>	<u>0</u>	<u>0</u>	<u>56,689</u>
<b>TOTAL</b>	<b>\$ <u>136,594</u></b>	<b><u>22,023</u></b>	<b><u>0</u></b>	<b><u>158,617</u></b>
<b>LESS ACCUMULATED DEPRECIATION:</b>				
Building & Improvements	\$ 51,052	5,322	0	56,374
Office Equipment	7,249	745	0	7,994
Infrastructure	<u>2,646</u>	<u>5,416</u>	<u>0</u>	<u>8,062</u>
<b>TOTAL ACCUM. DEPRECIATION</b>	<b><u>60,947</u></b>	<b><u>11,483</u></b>	<b><u>0</u></b>	<b><u>72,430</u></b>
<b>CAPITAL ASSETS, NET</b>	<b>\$ <u>75,647</u></b>	<b>\$ <u>10,540</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>86,187</u></b>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 6,067
Public Works	<u>5,416</u>
Total Depreciation Expense	<u>\$ 11,483</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, 2013:

	<b>BEGINNING</b>	<b>ADDITIONS</b>	<b>PAYMENTS</b>	<b>ENDING</b>	<b>CURRENT PORTION</b>
Note Payable-Collin County	\$ 123,529	\$ 0	\$ 34,071	\$ 89,458	\$ 11,714
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ <u>123,529</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>34,071</u></b>	<b>\$ <u>89,458</u></b>	<b>\$ <u>11,714</u></b>

**CITY OF WESTON**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2013**

**Note Payable Collin County**

During 2013 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 requires the City to make 120 monthly installments of \$1,222. The first installment is due November 1, 2013 and the loan bears interest at 3.50%. The final installment is due October 1, 2021. Future debt requirements are as follows:

<b>YEAR ENDING SEPTEMBER 30,</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
2014	\$ 11,714	\$ 2,944	\$ 14,658
2015	12,131	2,527	14,658
2016	12,562	2,096	14,658
2017	13,009	1,650	14,659
2018	13,471	1,187	14,658
2019 - 2020	26,571	920	27,491
	<u>\$ 89,458</u>	<u>\$ 11,324</u>	<u>\$ 100,782</u>

**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 January 14, 2014 (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, 2013

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET
<b>RESOURCES (INFLOWS)</b>				
Property Taxes	\$ 38,000	\$ 43,334	43,334	\$ 0
Sales Taxes	4,000	5,465	6,474	1,009
Franchise Fees	11,168	12,681	12,509	(172)
Permits & Fees	350	2,185	2,185	0
Developer Reimbursements	0	0	1,007	1,007
Miscellaneous Revenues	100	769	769	0
Interest Income	18	356	374	18
<b>TOTAL RESOURCES (INFLOWS)</b>	<b>53,636</b>	<b>64,790</b>	<b>66,652</b>	<b>1,862</b>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
General Government:				
Advertising & Public Notices	610	383	383	0
Dues & Subscriptions	600	622	622	0
Election Costs	5,000	75	75	0
Insurance	1,522	1,541	1,541	0
Accounting Services	2,500	2,500	2,500	0
Legal Services	5,625	18,769	12,421	6,348
Engineering Services	1,875	1,812	1,812	0
Tax Appraisal & Collection Costs	552	519	519	0
Repair & Maintenance	1,675	10,915	4,195	6,720
Supplies	1,025	1,613	1,779	(166)
Telephone, Utilities & Website	5,857	9,446	9,505	(59)
Travel & Training	425	0	36	(36)
Payroll Taxes	3,710	1,671	1,616	55
Wages	20,000	18,552	18,552	0
<b>Total General Government</b>	<b>50,976</b>	<b>68,418</b>	<b>55,556</b>	<b>12,862</b>
<b>Public Health:</b>				
Code Enforcement & Inspection	100	640	640	0
Fire Dept Burn Permit Fees	250	400	400	0
EMS Services	7,027	5,572	5,572	0
<b>Total Public Health</b>	<b>7,377</b>	<b>6,612</b>	<b>6,612</b>	<b>0</b>
<b>Streets:</b>				
Street Repairs & Signs	0	2,717	2,717	0
<b>Capital Additions:</b>				
Equipment & Building Improvements	0	20,950	22,023	(1,073)
<b>Debt Service:</b>				
Collin County Loan Payments	15,479	34,994	38,232	(3,238)
<b>TOTAL APPROPRIATIONS (OUTFLOWS)</b>	<b>73,832</b>	<b>133,691</b>	<b>125,140</b>	<b>8,551</b>
<b>EXCESS OF RESOURCES OVER (UNDER) APPROPRIATIONS</b>	<b>(20,196)</b>	<b>(68,901)</b>	<b>(58,488)</b>	<b>10,413</b>
Beginning Budgetary Fund Balance	603,647	603,647	603,647	0
Ending Budgetary Fund Balance	\$ <u>583,451</u>	\$ <u>534,746</u>	<u>545,159</u>	\$ <u>10,413</u>

## **OTHER SUPPLEMENTARY INFORMATION**

CITY OF WESTON

COMPARATIVE SCHEDULE OF REVENUES & EXPENDITURES - GENERAL FUND

For the Year Ended September 30, 2013, 2012 & 2011

REVENUES	Year Ending September 30,		
	2013	2012	2011
Property Taxes	\$ 43,334	\$ 38,366	\$ 95,178
Sales Taxes	6,474	5,357	5,917
Franchise Fees	12,509	13,231	14,014
Intergovernmental Revenues	0	1,943	0
Permits & Fees	2,185	2,303	1,125
Oncor Easement Agreement	0	479,966	0
Miscellaneous Revenues	769	695	403
Interest Income	374	134	24
Developer Reimbursements	1,007	0	7,423
Proceeds from Collin County Loan	0	123,529	0
<b>TOTAL REVENUES</b>	<b>66,652</b>	<b>665,524</b>	<b>124,084</b>
<b>EXPENDITURES</b>			
General Government:			
Advertising & Public Notices	383	528	1,020
Dues & Subscriptions	622	667	571
Election Costs	75	0	0
Insurance	1,541	1,522	1,455
Accounting Services	2,500	2,500	4,450
Legal Services	12,421	10,311	4,524
Engineering Services	1,812	1,400	375
Tax Appraisal & Collection Costs	519	463	948
Repair & Maintenance	4,195	16,793	2,026
Supplies	1,779	1,726	3,852
Telephone, Utilities & Website	9,505	5,520	5,626
Travel & Training	36	462	212
Payroll Taxes	1,616	1,480	1,157
City Secretary-Wages	18,552	16,094	13,520
<b>Total General Government</b>	<b>55,556</b>	<b>59,466</b>	<b>39,736</b>
<b>Development Expenses</b>			
Professional Fees	0	28,327	14,105
Weston Water Supply	0	0	2,736
<b>Total Development Expenses</b>	<b>0</b>	<b>28,327</b>	<b>16,841</b>
<b>Public Health:</b>			
Code Enforcement & Inspection Services	640	500	100
Donation to Fire Department	400	325	325
Ambulance Services	5,572	5,254	9,370
<b>Total Public Health</b>	<b>6,612</b>	<b>6,079</b>	<b>9,795</b>
<b>Streets:</b>			
Street Repairs, Improvements & Signs	2,717	4,038	8,262
<b>Capital Additions:</b>			
Office Equipment/Public Works	22,023	52,899	18,788
<b>Debt Service:</b>			
Collin County Loan Payments	38,232	0	0
<b>TOTAL EXPENDITURES</b>	<b>125,140</b>	<b>150,809</b>	<b>93,422</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (58,488)</b>	<b>\$ 514,715</b>	<b>\$ 30,662</b>

**CITY OF WESTON**  
**SCHEDULE OF PROPERTY TAXES**

**September 30, 2013**

Property Tax Year	2012	2011	2010	2009
Assessed Value	\$ 13,865,183	\$ 12,410,260	\$ 31,320,830	\$ 32,289,236
Tax Rate per \$100 of Assessed Value	<u>0.300000</u>	<u>0.300000</u>	<u>0.300000</u>	<u>0.250000</u>
Total Tax Levy	\$ <u>41,596</u>	\$ <u>37,231</u>	\$ <u>93,962</u>	\$ <u>80,723</u>
Collections During Fiscal Year	\$ <u>41,097</u>	\$ <u>36,419</u>	\$ <u>92,896</u>	\$ <u>79,763</u>
% of Current Taxes Collected	<u>98.80%</u>	<u>97.82%</u>	<u>98.86%</u>	<u>98.81%</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 116**  
**Keller, TX 76248**  
**817-421-6619**

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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, 2013, 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 14, 2014