

BRAZOS RIVER AUTHORITY

Presentation to the Board of Directors Regarding the Audit for the Year Ended August 31, 2018

January 28, 2019

Audit Overview

- Financial Statement Audit Scope
 - Financial statements prepared by management
 - Audit scope includes the following
 - Includes examining evidence supporting amounts and disclosures on a test basis
 - Includes assessment of internal control structure for purposes of auditing the amounts and disclosures in the financial statements, but not for providing an opinion on internal control
 - Includes assessment of accounting principles, significant estimates made by management, and disclosures to the financial statements
- Financial Statement Audit Results
 - Opinion on the financial statements: **Unmodified**
 - No significant deficiencies in internal control to be reported

Audit Overview - continued

- Federal and State Awards Audit Scope
 - Federal Compliance Audit: **Not required in 2018.**
 - There were no expenditures of federal awards in 2018.
 - Threshold for audit was \$750,000.
 - State Compliance Audit: **Not required in 2018.**
 - Total expenditures of state awards were \$564,492.
 - Threshold for audit was \$750,000.

Required Communications

- Significant Accounting Policies

- No new and significant Governmental Accounting Standards Board (“GASB”) statements were required to be adopted in 2018.
 - BRA elected to early adopt GASB Statement 89
- There were no other changes in accounting policies previously used or significant changes in required disclosures.
- There were no accounting policies in controversial or emerging areas where there is a lack of authoritative guidance or consensus.

Required Communications - continued

- Significant Accounting Estimates and Disclosures
 - Significant estimates
 - Estimated useful lives of capital assets which impacts depreciation expense
 - Net pension expenses and liabilities (actuarial estimates)
 - Retirement Plan for Employees of BRA
 - Texas County and District Retirement System
 - Significant financial statement disclosures
 - Cash & Investments
 - Long-term debt
 - Revenue recognition
 - Retirement plans' net pension liability

Required Communications - continued

- Significant difficulties encountered during the audit – None
- Uncorrected and corrected misstatements
 - Uncorrected misstatements – None
 - Corrected misstatements – None
- Disagreements with management – None
- Management’s consultations with other accountants – None
- Other significant findings or issues – None

Certificate of Achievement for Excellence in Financial Reporting

- The Comprehensive Annual Financial Report (“CAFR”) is an important disclosure document that communicates information about the Brazos River Authority (“BRA”) to an audience including citizens, rating agencies, investors, regulatory bodies, insurance companies, etc.
 - Our responsibility is for our opinion on the financial statements.
 - We do read the other information in the CAFR to make sure it is not inconsistent with the financial statements.
- The BRA will submit the 2018 CAFR to the Government Finance Officers Association (“GFOA”) for an additional quality review. The BRA has received the Certificate of Achievement for Excellence in Financial Reporting in the past and expects to receive the award for the 2018 CAFR.

QUESTIONS AND ANSWERS?

RSM US LLP

811 Barton Springs Rd., Suite 500

Austin, Texas 78704

+1 512 476 0717

+1 800 274 3978

www.rsmus.com

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