

Presentation to

# **Brazos River Authority**

**Presentation to the Board of Directors Regarding  
the Audit for the Year Ended August 31, 2015**

January 25, 2016

by



**Padgett Stratemann**

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# Audit Overview

- Financial Statement Audit Scope
  - Financial statements prepared by management
    - 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
  - Report on Federal Compliance Audit: **Not required in 2015.**
    - Total expenditures of federal awards were \$19,000.
    - Threshold for audit was \$500,000.
  - Report on State Compliance Audit: **Required in 2015.**
    - Total expenditures of state awards were \$647,000.
    - Threshold for audit was \$500,000.
    - Clean Rivers Program was selected for testing.

# Required Communications

- Significant Accounting Policies

No new Government Accounting Standards Board (“GASB”) statements were required to be adopted in 2015, other than GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The required adoption of this standard caused a restatement of the previously issued financial statements as described in Note 16 of the Notes to the Financial Statements.

There were no 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
    - Self-insurance accrued liability for health claims
    - Fair value of investments
  - Significant financial statement disclosures
    - Investments
    - Long-term debt
    - Revenue recognition
    - Retirement Plans and the restatement for GASB 68 implementation

# Required Communications – continued

- Significant difficulties encountered during the audit – none
- Uncorrected and corrected misstatements
  - Uncorrected misstatements – none
  - Corrected misstatements – none
- Disagreements with management – none
- Received standard representation letter from management
- 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 Authority 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 Authority will submit the 2015 CAFR to the Government Finance Officers Association (“GFOA”) for an additional quality review. The Authority has received the Certificate of Achievement for Excellence in Financial Reporting in the past and expects to receive the award for the 2015 CAFR.

# Engagement Team

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- Kevin Moriarty, Audit Associate