



**Travis County Commissioners Court Agenda Request**  
**Travis County Health Facilities Development Corporation**  
**Travis County Capital Industrial Development Corporation**  
**Travis County Cultural Education Facilities Finance Corporation**  
**Travis County Housing Finance Corporation**  
**Travis County Development Authority**  
**Capital Health Facilities Development Corporation**

**Meeting Date:** March 11, 2014

**Prepared By/Phone Number:** Andrea Shields, Manager/854-9116

**Elected/Appointed Official/Dept. Head:** Leslie Browder, County Executive, Planning and Budget/854-9106

**Commissioners Court Sponsor:** Samuel T. Biscoe, President

**AGENDA LANGUAGE:**

Consider and take appropriate action on request to approve the Corporations Management Representation letter for Fiscal Year 2013 with outside auditor, Atchley & Associates, LLP.

**BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:** See attached backup.

**STAFF RECOMMENDATIONS:** Staff recommends approval.

**ISSUES AND OPPORTUNITIES:** None.

**FISCAL IMPACT AND SOURCE OF FUNDING:** None.

**REQUIRED AUTHORIZATIONS:** Andrea Shields, Manager/854-9116; Leslie Browder, County Executive, Planning and Budget/854-9106

**AGENDA REQUEST DEADLINE:** All agenda requests and supporting materials must be submitted as a pdf to the County Judge's office, [agenda@co.travis.tx.us](mailto:agenda@co.travis.tx.us) by **Tuesdays at 5:00 p.m.** for the next week's meeting.

## Andrea Shields

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**From:** Kathryn Madden  
**Sent:** Tuesday, February 25, 2014 3:47 PM  
**To:** Leslie Browder; Andrea Shields; Karen Thigpen  
**Cc:** Nicki Riley  
**Subject:** Fiscal Year 2013 Corporation's Management Representation Letter  
**Attachments:** Representation Letter - FY13 Corp FINAL.docx

Leslie, Andrea, and Karen,

Attached is a draft of the Corporations Management Representation Letter for FY13 that is required by Atchley & Associates, our external auditors. It is dated February 21, 2014, because that is the date the audit opinion letter and the Travis County representation letter will be dated.

There are a couple of revisions to this letter as compared to last year. In FY12, we reported on the Statutory basis of accounting. In FY13, we changed to the GAAP basis of reporting and implemented GASB 45. You can see this noted in the opening paragraph and paragraph 1. There were some accounting reference changes in paragraphs 7, 12c, and 14a,b. Also, paragraph 23 is new in FY13. These additions and revisions are also in the Travis County management representation letter and were added to the Corporations letter. Nicki has reviewed these paragraphs and approves of the language. Please review and let me know if you have any questions. Upon your approval please sign and submit it to the Board for their signatures.

Nicki will be signing the Travis County representation letter soon and we are putting it on the March 4th agenda. Please let me know if you have any questions regarding this letter. I would be happy to go over it with you.

Regards,  
Kathryn Madden  
Ext 44704

**TRAVIS COUNTY HEALTH FACILITIES DEVELOPMENT CORPORATION**

**TRAVIS COUNTY HOUSING FINANCE CORPORATION**

**CAPITAL INDUSTRIAL DEVELOPMENT CORPORATION**

**CAPITAL HEALTH FACILITIES DEVELOPMENT CORPORATION**

**TRAVIS COUNTY DEVELOPMENT AUTHORITY**

**TRAVIS COUNTY CULTURAL EDUCATION FACILITIES FINANCE CORPORATION**

February 21, 2014

Atchley & Associates, LLP  
6850 Austin Center Blvd., Suite 180  
Austin, TX 78731

We are providing this letter in connection with your audit of the financial statements of the governmental activities, each major fund, the related notes to the financial statements, and the aggregate remaining fund information of Travis County (the County) as of and for the year ended September 30, 2013, which will include the Capital Health Facilities Development Corporation, Capital Industrial Development Corporation, Travis County Housing Financing Corporation, Travis County Health Facilities Development Corporation, Travis County Development Authority, and the Travis County Cultural Education Facilities Finance Corporation (collectively, the Corporations) as blended component units of the County, for the purpose of expressing an opinion as to whether the basic financial statements present fairly, in all material respects, the financial position, changes in fund balances, and cash flows of the Corporations in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP). The representations within this letter relate to the financial information of the Corporations, included as blended component units of the basic financial statements of the County.

We confirm that we are responsible for the following:

- a. The fair presentation, in the basic financial statements, of the financial position of the governmental activities in conformity with U.S. GAAP.
- b. The fair presentation of the required supplementary information, including Management's Discussion and Analysis, and additional supplemental schedules accompanying the basic financial statements that are presented for the purpose of additional analysis of the basic financial statements.
- c. The design, implementation, and maintenance of programs and controls to prevent and detect fraud, including fraud related to federal and state awards.
- d. Establishing and maintaining effective internal control over financial reporting.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

1. In fiscal year 2013, the County changed from reporting its financial statements on the statutory basis of accounting, as provided by the State in Chapter 2266 of the Texas Government Code, to preparing them in accordance with U.S. GAAP. As a result of this change, the County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Retirement Benefits Other Than Pensions* (GASB 45). The basic financial statements referred to above are fairly presented in conformity with U.S. GAAP.
2. In all material respects, the financial statements properly classify all funds and activities.

3. We have no knowledge of fraud or suspected fraud affecting the Corporations involving (1) management, (2) employees who have significant roles in the internal control over financial reporting, or (3) others where the fraud could have a material effect on the financial statements that has not been provided to you.
4. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporations received in communications from employees, former employees, analysts, regulators, or others that has not been provided to you.
5. The Corporations have provided you with:
  - a. Summaries of actions of the governing body.
  - b. Financial records and related data for all financial transactions of the Corporations and for all funds administered by the Corporations. The records, books, and accounts, as provided to you, record the financial and fiscal operations of all funds administered by the Corporations and provide the audit trail to be used in a review of accountability. Information presented in financial reports is supported by the books and records from which the financial statements have been prepared.
  - c. Contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal and state agencies that could have a material effect on the financial statements.
  - d. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
6. There has been no:
  - a. Action taken by Corporations management that contravenes the provisions of federal laws and State of Texas laws and regulations or of contracts and grants applicable to the Corporations.
  - b. Communication from other governmental or regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices or other matters that could have a material effect on the financial statements.
7. There are no material unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62).
8. We are responsible for compliance with local, state and federal laws, rules and regulations. We are responsible for establishing and maintaining the components of internal control relating to our activities in order to achieve the objectives of providing reliable financial reports, effective and efficient operations, and compliance with laws and regulations. The Corporations are responsible for maintaining accounting and administrative control over revenues, obligations, expenditures, assets, and liabilities.
9. Management has identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statements amounts.

Except where otherwise stated below, matters less than \$5,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

10. We have disclosed to you any material change in the Corporations' internal control over financial reporting that occurred during the Corporations' most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Corporations' internal control over financial reporting.
11. The Corporations have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

12. The following, to the extent applicable, have been properly recorded and/or disclosed in the financial statements:
  - a. Related-party transactions, as defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, and associated receivables or payables, including sales, purchases, loans, transfers, leasing arrangements, and guarantees (written or oral), all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.
  - b. Guarantees, whether written or oral, under which the Corporations are contingently liable.
  - c. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with GASB 62. Under the U.S. GAAP Basis, management uses estimates. Significant estimates are estimates at the balance sheet date which could change materially within the next year due to one or more confirming events. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
13. The Corporations have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
14. There are no:
  - a. Known violations or possible violations of laws or regulations for which their effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency as required by GASB 62, GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, and/or GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.
  - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB 62, GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, and/or GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* that have not been disclosed in Item 7.
15. The Corporations have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
16. We have no knowledge of:
  - a. material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. material unrecorded misstatements in the financial statements.
17. The Corporations have complied with all aspects of contractual agreements that would have an effect on the financial statements in the event of noncompliance.
18. Management has disclosed whether, subsequent to September 30, 2013, any changes in internal control or other factors that might significantly affect internal control over financial reporting, including any corrective action taken by management with regard to significant deficiencies and material weaknesses have occurred.
19. There are no known control deficiencies in the design or operation of internal control over financial reporting that could adversely affect the Corporations' ability to initiate, record, process, and report financial information.
20. No department or agency of the Corporations has reported a material instance of noncompliance to us.
21. With regard to the fair value measurements and disclosures of certain assets, liabilities, and specific components of equity, such as investments, we believe that in all material respects:

- a. The measurement methods, including the related assumptions, used in determining fair value were appropriate and were consistently applied based on information available as of September 30, 2013.
  - b. The completeness and adequacy of the disclosures related to fair values are in conformity with the U.S. GAAP Basis of accounting.
  - c. No events have occurred subsequent to September 30, 2013 that require adjustment to the fair value measurements and disclosures included in the financial statements.
22. In all material respects, all conduit debt of the Corporations has been disclosed in the County's basic financial statements.
23. We have no direct or indirect legal obligation for debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
24. We are responsible for determining that significant events or transactions that have occurred since the statement of financial position date and through the date of this letter have been recognized or disclosed in the financial statements. We have recognized or disclosed any required events or transactions that have occurred subsequent to the statement of financial position date and through the date of this letter. We further represent that, as of the date of this letter, the financial statements were complete in a form and format that complied with accounting practices in conformity with U.S. GAAP, and all approvals necessary for issuance of the financial statements had been obtained.
25. During the course of your audit, you may have accumulated records containing data which is reflected in our books and records. Accordingly, copies of such records in your possession are no longer needed by us. Original records should be returned to us for our safekeeping.

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Samuel T. Biscoe  
Director

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Gerald Daugherty  
Director

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Ron Davis  
Director

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Margaret Gomez  
Director

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Bruce Todd  
Director

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Andrea Shields  
Corporations Administrator

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Leslie Browder  
County Executive Manager, PBO