

# City of Allen, Texas

Single Audit Report

September 30, 2017

# CONTENTS

Page

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 1

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with Uniform Guidance, and on the Schedule of Expenditures of Federal Awards ..... 3

Schedule of Expenditures of Federal Awards ..... 6

Notes to Schedule of Expenditures of Federal Awards ..... 7

Schedule of Findings and Questioned Costs ..... 8



## **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

The Honorable Mayor and Members of the City Council  
The City of Allen, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Allen, Texas (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 19, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and correct, misstatements on a timely basis. A *material 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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the City's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Honorable Mayor and Members of the City Council  
The City of Allen, Texas

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Weaver and Tidwell LLP". The signature is written in a cursive, flowing style.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
February 19, 2018



## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with Uniform Guidance, and on the Schedule of Expenditures of Federal Awards**

The Honorable Mayor and Members of the City Council  
The City of Allen, Texas

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Allen, Texas (the City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

The Honorable Mayor and Members of the City Council  
The City of Allen, Texas

## **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The Honorable Mayor and Members of the City Council  
The City of Allen, Texas

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic statements. We issued our report thereon dated February 19, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
February 19, 2018

**City of Allen, Texas**  
 Schedule of Expenditures of Federal Awards  
 Year Ended September 30, 2017

FEDERAL GRANTOR \ PASS THROUGH GRANTOR PROGRAM TITLE	CFDA NUMBER	GRANTOR OR PASS-THROUGH GRANTOR'S NUMBER	PROGRAM AWARD EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Direct Programs:				
Community Development Block Grant*	14.218	B-15-MC-48-0045	\$ 94,080	\$ 84,814
Community Development Block Grant*	14.218	B-15-MC-48-0045	323,885	323,663
Community Development Block Grant*	14.218	B-15-MC-48-0045	2,989	2,989
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>420,954</u>	<u>411,466</u>
<b>DEPARTMENT OF JUSTICE</b>				
Direct Programs:				
Federal Seizure Forfeitures	16.000	N/A	118,938	-
Vest Grant	16.607	N/A	8,355	-
Violence Against Women Formula Grant	16.588	2780703	52,072	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3119401	58,897	-
<b>TOTAL DEPARTMENT OF JUSTICE</b>			<u>238,262</u>	<u>-</u>
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>				
Direct Programs:				
Interlibrary Loan Program	45.310	N/A	2,899	-
<b>TOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES</b>			<u>2,899</u>	<u>-</u>
<b>DEPARTMENT OF THE INTERIOR NATIONAL PARK SERVICE</b>				
Direct Programs:				
Outdoor Recreation Acquisition, Development and Planning	45.310	451-17006	200,000	-
<b>TOTAL DEPARTMENT OF THE INTERIOR NATIONAL PARK SERVICE</b>			<u>200,000</u>	<u>-</u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<u>\$ 862,115</u>	<u>\$ 411,466</u>

\* Denotes Major Federal Program

See Accompanying Notes to the Schedule of Expenditures of Federal Awards



# City of Allen, Texas

## Notes to Schedule of Expenditures of Federal Awards Year Ended September 30, 2017

### **Note A - Basis of Presentation**

The City of Allen, Texas (the City) accounts for its grants in Special Revenue Funds. Special Revenue Funds are governmental funds used to account for resources restricted to, or designated for, specific purposes by a grantor. Generally, unused balances are returned to the grantor at the close of specified project periods.

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City, and is presented on the modified accrual basis of accounting as described in Note 1(b) to the basic financial statements for the year ended September 30, 2017.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and when all eligibility requirements have been met, and, accordingly, when such funds are received, they are recorded as unavailable until earned.

The period of performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extends 90 days beyond the federal project period ending date, in accordance with provisions in Subpart D – Post Federal Award Requirements – Closeout, Section 200.343 (b) Uniform Guidance.

### **Note B - Contingencies**

The City participates in several grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at September 30, 2017 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

### **Note C – Indirect Cost Rate**

The City has elected not to use the 10% de minimis indirect cost rate.

**City of Allen, Texas**  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2017

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS:**

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes \_\_\_X\_\_\_ None noted
- c. Noncompliance material to the financial statements noted? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No

**FEDERAL AWARDS:**

- d. An unmodified opinion was issued for the major program.
- e. Internal control over major programs:
- Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No
  - Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes \_\_\_X\_\_\_ None noted
- f. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No

g. Identification of Major Programs:

<u>CFDA Number</u>	<u>Program Title</u>
14.218	Community Development Block Grant

- h. Dollar threshold used to distinguish between type A and type B programs: \$750,000
- i. Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes \_\_\_X\_\_\_ No

# **City of Allen, Texas**

## Schedule of Findings and Questioned Costs Year Ended September 30, 2017

### **Section II – Financial Statement Findings**

None

### **Section III – Federal Award Findings and Questioned Costs**

None

### **Section IV – Schedule of Prior Year Findings and Questioned Costs**

None