

**CITY OF FRISCO, TEXAS**

**SINGLE AUDIT REPORT**

September 30, 2015

CITY OF FRISCO, TEXAS  
Frisco, Texas

SINGLE AUDIT REPORT  
September 30, 2015

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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

To the Members of the City Council,  
City of Frisco  
Frisco, Texas

We have audited, in accordance with the 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 Frisco (the "City") as of and for the year ended September 30, 2015, 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 29, 2016.

#### **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 the 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 the City's 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 entity'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 internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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(Continued)

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting 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 "Crowe Horwath LLP". The signature is written in a cursive, slightly slanted style.

Crowe Horwath LLP

Dallas, Texas  
February 29, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

To the Members of the City Council,  
City of Frisco  
Frisco, Texas

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

We have audited the City of Frisco's (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2015. The City's major federal program is 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the 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 its major federal program for the year ended September 30, 2015.

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(Continued)

## 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 29, 2015 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe Horwath LLP

Dallas, Texas  
February 29, 2016

CITY OF FRISCO, TEXAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended September 30, 2015

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA Number</u>	<u>Pass-through entity identifying number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Direct Award:			
2012 Community Development Block Grant	14.218		\$ 4,063
2013 Community Development Block Grant	14.218		56,875
2014 Community Development Block Grant	14.218		198,254
Total U.S. Department of Housing and Urban Development			<u>259,192</u>
U.S. Department of Justice:			
Passed through the Office of the Governor Criminal Justice Division			
2015-Victim Assistance Outreach Program	16.575	VA-14-V30-25620-03	53,399
2016-Victim Assistance Outreach Program	16.575	2015-VA-GX-0009	4,718
			<u>58,117</u>
2015-Domestic Violence Detective	16.588	WF-14-V30-26936-02	67,484
2016-Domestic Violence Detective	16.588	2015-WF-AX-xxxx	6,415
2015-High Risk Lethality Detective	16.588	WF-14-V30-27667-01	53,331
2016-High Risk Lethality Detective	16.588	2015-WF-AX-xxxx	5,438
			<u>132,668</u>
Total Passed Through Office of the Governor Criminal Justice Division			<u>190,785</u>
Direct Awards:			
Smart Policing Initiative	16.738		4,926
Bullet Proof Vest Grant	16.607		13,722
Total Direct Awards			<u>18,648</u>
Total U. S. Department of Justice			<u>209,433</u>
U.S. Department of Transportation:			
Passed Through Texas Department of Transportation:			
2015 STEP Comprehensive Grant	20.600	2015-FriscoPD -S-1YG-0069	58,595
Passed Through Texas Department of Transportation:			
Federal Highway Administration FM 720 TXDOT Traffic Signal Grant	20.205	CSJ# 1567-01-029	268,934
Total U.S. Department of Transportation			<u>327,529</u>
U S Department of Homeland Security:			
Passed Through Texas Department of Public Safety			
2013 - Homeland Security UASI - Fire	97.067	EMW-2013-SS-00045	69,512
2013 - Homeland Security UASI - LETPA - Police	97.067	EMW-2013-SS-00045	74,759
2014 - Homeland Security UASI - Fire	97.067	EMW-2014-SS-00029	25,007
2014 - Homeland Security UASI - LETPA - Police	97.067	EMW-2014-SS-00029	79,616
Total Passed Through Texas Department of Public Safety			<u>248,894</u>
Institute of Museum and Library Sciences			
Passed through the Texas State Library and Archives Commission			
Library Smartlocker Grant	45.310	LS-00-14-0044-14	35,854
2016 TSLAC Special Projects Grant	45.310	LS-00-15-0044-15	657
			<u>36,511</u>
Total Federal Expenditures			<u>\$ 1,081,559</u>

See Notes to Schedule of Expenditures of Federal Awards

CITY OF FRISCO  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
September 30, 2015

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Frisco, Texas (the City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Basis of Accounting: The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements.

**NOTE 2 – SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

The Schedule of findings and questioned costs, including the summary of auditor's results is included on page seven.

**NOTE 3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Grant expenditures reports as of September 30, 2015, which have been submitted to grantor agencies will, in some cases, differ from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

CITY OF FRISCO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
September 30, 2015

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                           Yes      X   No

Significant deficiency(ies) identified?                   Yes      X   None Reported

Noncompliance material to financial statements noted?                           Yes      X   No

**Federal Awards**

Internal Control over major program:

Material weakness(es) identified?                           Yes      X   No

Significant deficiency(ies) identified?                   Yes      X   None Reported

Type of auditor's report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?                           Yes      X   No

Identification of major program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.588	Domestic Violence Detective
16.588	High Lethality Detective
20.205	Federal Highway Administration: FM 720 TxDot Traffic Signal Grant

Dollar threshold used to distinguish between Type A and Type B programs:        \$300,000

Auditee qualified as low-risk auditee?                      X   Yes           No

CITY OF FRISCO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
September 30, 2015

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**Section II - Financial Statement Findings**

There were no findings for the year ended September 30, 2015.

**Section III - Federal Award Findings and Questioned Costs**

There were no findings for the year ended September 30, 2015.

**Section IV – Prior Year Findings and Questioned Costs**

There were no findings and/or questioned costs in the prior year ended September 30, 2014.