

# City of Frisco, Texas

Single Audit Report  
September 30, 2018



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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 Honorable Mayor and  
Members of City Council  
City of 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, Texas (the City) as of September 30, 2018, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 27, 2019.

**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 opinion 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.

**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 Honorable Mayor and  
Members of City Council  
City of Frisco, Texas

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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
February 27, 2019

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

To the Honorable Mayor and  
Members of City Council  
City of Frisco, Texas

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

We have audited the City of Frisco, Texas's (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, 2018. 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, 2018.

The Honorable Mayor and  
Members of City Council  
City of Frisco, 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 as a basis for designing 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 the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by 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 of Frisco, Texas as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 27, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The Honorable Mayor and  
Members of City Council  
City of Frisco, Texas

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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* (the Uniform Guidance) and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
February 27, 2019

**City of Frisco, Texas**  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2018

**I. Summary of the 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  No
  - Significant deficiency(ies) identified that are not considered a material weakness?  Yes  None reported
- c. Noncompliance material to financial statements noted.  Yes  No

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified?  Yes  No
  - Significant deficiency(ies) identified that are not considered a material weakness?  Yes  None reported
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No
- g. Identification of major programs:
- |   |        |
|---|--------|
| Highway Planning and Construction Cluster | 20.205 |
|---|--------|
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$750,000
- i. Auditee qualified as a low-risk auditee.  Yes  No



# **City of Frisco, Texas**

## Schedule of Findings and Questioned Costs Year Ended September 30, 2018

### **II. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards:***

None

### **III. Findings and Questioned Costs for Federal Awards:**

None

**City of Frisco, Texas**  
Summary of Prior Audit Findings  
Year Ended September 30, 2018

**Not Applicable**

# City of Frisco, Texas

## Schedule Of Expenditures of Federal Awards

### Year Ended September 30, 2018

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Pass-through entity identifying number	Federal Expenditures	Subrecipient Expenditures
U.S. Department of Housing and Urban Development:				
Direct Award:				
2013 Community Development Block Grant	14.218	N/A	\$ 789	\$ -
2014 Community Development Block Grant	14.218	N/A	8,273	-
2015 Community Development Block Grant	14.218	N/A	306,057	-
2016 Community Development Block Grant	14.218	N/A	48,182	3,942
2017 Community Development Block Grant	14.218	N/A	<u>281,495</u>	<u>68,503</u>
Total U.S. Department of Housing and Urban Development			<u>644,796</u>	<u>72,445</u>
U.S. Department of Justice:				
Passed through the Office of the Governor Criminal Justice Division				
2017 Victim Assistance Outreach	16.575	2015-VA-GX-0009	131,748	-
2017 High Risk Lethality Detective	16.588	2013-WF-AX-0053	15,435	-
2018 High Risk Lethality Detective	16.588	2017-WF-AX-0053	80,804	-
2018 Special Victims Investigator	16.588	2017-WF-AX-0053	78,581	-
Raman Spectroscopy Drug Detection System	16.738	2015-DJ-BX-0956	<u>68,027</u>	<u>-</u>
Total Passed Through Office of the Governor Criminal Justice Division			<u>374,595</u>	<u>-</u>
Total U.S. Department of Justice			<u>374,595</u>	<u>-</u>
U.S. Department of Transportation:				
Passed Through Texas Department of Transportation:				
2018 STEP Comprehensive Grant	20.600	2018-FriscoPD-S-1YG-0013	79,908	-
Three Cities Trail Grant - Transportation Enhancement Program*	20.205	CSJ # 0918-24-204	<u>271,703</u>	<u>-</u>
Total Passed Through Texas Department of Transportation			<u>351,611</u>	<u>-</u>
U.S. Department of Transportation:				
Passed Through North Central Texas Council of Governments:				
511 DFW WAZE Data Sharing Program*	20.205	482018381M23E30	25,000	-
Traffic Signal Data Sharing Program*	20.205	482015564M40030	<u>25,000</u>	<u>-</u>
Total Passed Through North Central Texas Council of Governments			<u>50,000</u>	<u>-</u>
Total U.S. Department of Transportation			<u>401,611</u>	<u>-</u>
Federal Highway Administration:				
Passed Through Texas Department of Transportation:				
Congestion Mitigation and Air Quality(Preston Road)*	20.205	CSJ # 0091-05-060	1,216,362	-
Ohio Drive at Warren Parkway Roundabout Project*	20.205	CSJ # 0918-24-236	95,726	-
Closet to Dispatch System Grant*	20.205	481602007M40030	<u>361,931</u>	<u>-</u>
Total Federal Highway Administration			<u>1,674,019</u>	<u>-</u>
U S Department of Homeland Security:				
Passed Through Texas Department of Public Safety				
2016 - UASI Tactical Robot Grant	97.067	EMW-2016-SS-00056	119,625	-
2017 UASI Hazmat Grant	97.067	EMW-2017-SS-00005	54,280	-
2017 SHSP Frisco Night Vision	97.067	EMW-2017-SS-00005	31,950	-
2017 SHSP Frisco Ballistic Blankets	97.067	EMW-2017-SS-00005	<u>3,000</u>	<u>-</u>
Total Passed Through Texas Department of Public Safety			<u>208,855</u>	<u>-</u>
U.S. Department of Homeland Security:				
Passed Through Federal Emergency Management Agency				
2016 Staffing for Adequate Fire and Emergency Personnel( SAFER)	97.083	EMW-2016-FH-000273	<u>594,918</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>803,773</u>	<u>-</u>
Institute of Museum and Library Services				
Passed Through the Texas State Library and Archives Commission				
2018 ISLAC Competitive Grant	45.310	479-18006	75,000	-
2018 ILL Reimbursement Program	45.310	LS-0017-0044-17	<u>1,877</u>	<u>-</u>
Total Passed Through the Texas State Library and Archives Commission			<u>76,877</u>	<u>-</u>
Total Institute of Museum and Library Services			<u>76,877</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 3,975,671</u>	<u>\$ 72,445</u>

\* Represents programs included in the Highway Planning and Construction Cluster

# City of Frisco, Texas

## Notes to Schedule of Expenditures of Federal Awards

### **Note 1. Basis of Presentation**

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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. 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 six.

### **Note 3. Relationship to Federal Financial Reports**

Grant expenditures reports as of September 30, 2018, 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.

### **Note 4. Loans**

At year-end, the City had no loans or loan guarantees outstanding with federal awarding agencies.

### **Note 5. Indirect Cost Rate**

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