

# **Town of Little Elm, Texas**

Federal Single Audit Reports  
Year Ended September 30, 2017

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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**

The Honorable Mayor and Town Council  
Town of Little Elm, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Little Elm, Texas (the Town), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 15, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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*.

The Honorable Mayor and Town Council  
Town of Little Elm, 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 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 15, 2018



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

The Honorable Mayor and Town Council  
Town of Little Elm, Texas

Report on Compliance for Each Major Federal Program

We have audited the Town of Little Elm, Texas (the Town)'s 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 Town's major federal programs for the year ended September 30, 2017. The Town'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 each of the Town'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 Town'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 Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town 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, 2017.

The Honorable Mayor and Town Council  
Town of Little Elm, Texas

Report on Internal Control Over Compliance

Management of the Town 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 Town's internal control over compliance with the types of requirements that could have a direct and material effect on its 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 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 Town'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.

The Honorable Mayor and Town Council  
Town of Little Elm, Texas

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

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Little Elm, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated February 15, 2018, 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 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 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.*

WEAVER AND TIDWELL, L.L.P

Dallas, Texas  
February 15, 2018

**Town of Little Elm, Texas**

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

**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 Federal 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 program:

<u>Program/Cluster Name</u>	<u>CFDA #</u>
Transportation Enhancement Grant	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

**Town of Little Elm, Texas**

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2017

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards.**

None

**Town of Little Elm, Texas**

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

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

**None**

**Town of Little Elm, Texas**

Summary of Prior Audit Findings

For the Year Ended September 30, 2016

**IV. Summary of Prior Year Findings.**

**None**

**Town of Little Elm, Texas**

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2017

Federal and State/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Direct			
Justice Assistance Grant (JAG) - Bulletproof Vest Partnership	16.607	NA	\$ <u>5,824</u>
<b>Total U.S. Department of Justice</b>			<u>5,824</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed Through Texas Department of Transportation			
Transportation Enhancement Grant	20.205	CSJ 0918-46-271	1,014,680
<b>Total U.S. Department of Transportation</b>			<u>1,014,680</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Direct			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2014-FH-00752	675,383
Passed Through Texas Department of Public Safety			
Hazard Mitigation Grant Program / Safe Room	97.039	DR 4029-006	783,356
Hazard Mitigation Grant Program / Safe Room	97.039	DR 4223-029	<u>80,438</u>
<b>Total U.S. Department of Homeland Security</b>			<u>1,539,177</u>
Total Federal Financial Assistance			\$ <u><u>2,559,681</u></u>

## **Town of Little Elm, Texas**

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

### **1. BASIS OF PRESENTATION**

The Town accounts for most of its Federal grants in Special Revenue Funds. Special Revenue Funds are governmental funds which can be used to account for resources restricted to, or committed 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 includes the federal grant activity of the Town and is presented on the modified accrual basis of accounting as described in Note 1 to the basic financial statements for the year ended September 30, 2017.

The Town elected not to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, section 414.