

Town of Little Elm, Texas

Federal Single Audit Report

Year Ended September 30, 2021

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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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 9, 2022.

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*.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 / Dallas, Texas 75201
Main: 972.490.1970

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 Town'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 Town'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
March 9, 2022



**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 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, 2021. The Town'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 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 each 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 each of its major federal programs for the year ended September 30, 2021.

Weaver and Tidwell, L.L.P.
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Main: 817.332.7905

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 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 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated March 9, 2022, 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
March 9, 2022

Town of Little Elm, Texas

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2021

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>
COVID-19 Coronavirus Relief Fund	21.019
- 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, 2021

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, 2021

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, 2021

IV. Summary of Prior Year Findings

None

Town of Little Elm, Texas
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Contract/Award Number	Federal Expenditures
<u>U.S. Department of Commerce:</u>			
Economic Adjustment Assistance	11.307	08-79-054538	\$ 25,810
Total U.S. Department of Commerce			25,810
<u>U.S. Department of Justice:</u>			
Economic Adjustment Assistance	16.922	TX0611300	3,010
Total U.S. Department of Justice			3,010
<u>Institute of Museum and Library Services:</u>			
Passed through State of Texas Library and Archives Commission:			
COVID-19 Grants to States	45.310	CAR1-21019	16,799
COVID-19 Grants to States	45.310	LS-246193-OLS-20	2,165
Total COVID-19 Grants to States			18,964
Total Institute of Museum and Library Services			18,964
<u>U.S. Department of Transportation:</u>			
Passed through Texas Department of Transportation:			
State and Community Highway Safety	20.600	2021-LittleElmPD-S-CMV-00023	8,033
Total U.S. Department of Transportation			8,033
<u>U.S. Department of Treasury:</u>			
Passed through Denton County, Texas:			
COVID-19 Coronavirus Relief Fund	21.019		777,596
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	OMB Approved No. 1505-0271	374,718
Total U.S. Department of Treasury			1,152,314
<u>U.S. Department of Homeland Security:</u>			
Passed through State of Texas Emergency Management:			
COVID-19 Disaster Grants Public Assistance	97.036	4485DRTXP0000001	25,644
COVID-19 Disaster Grants Public Assistance	97.036	4885	11,065
Disaster Grants Public Assistance	97.036	PA-06-TX-4586-PW-00193	139,824
Total Disaster Grants Public Assistance			176,533
Passed through State of Texas Governor's Office:			
Homeland Security Grant Program	97.067	3722101	13,416
Total U.S. Department of Homeland Security			189,949
Total Federal Financial Assistance			\$ 1,398,080

The Notes to Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

Town of Little Elm, Texas

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2021

1. Basis of Presentation

The Town of Little Elm, Texas (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, 2021.

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