

# **Town of Little Elm, Texas**

Federal and State Single Audit Reports  
Year Ended September 30, 2022

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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, 2022, 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 20, 2023.

### **Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

### **Report on 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 financial statements. 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 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.

Conroe, Texas  
March 20, 2023



**Independent Auditor's Report on Compliance for Each Major Federal and State Program,  
Report on Internal Control over Compliance, and Report on the Schedule of  
Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas  
Uniform Grant Management Standards**

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

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

***Opinion on Each Major Federal and State Program***

We have audited the Town of Little Elm, Texas (the Town)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* issued by the Texas Governor's Office of Budget and Planning that could have a direct and material effect on each of the Town's major federal and state programs for the year ended September 30, 2022. The Town's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal and State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas *Uniform Grant Management Standards* (UGMS) issued by the Texas Governor's Office of Budget and Planning. Our responsibilities under those standards, the Uniform Guidance and UGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal and state programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and UGMS, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and UGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 or state 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 or state 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and UGMS. Accordingly, this report is not suitable for any other purpose.

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

We have audited 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 the Town of Little Elm, Texas as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon, dated March 20, 2023 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 and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and UGMS 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 and state 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.

Conroe, Texas  
March 20, 2023

**Town of Little Elm, Texas**

Schedule of Findings and Questioned Costs  
For the Year Ended September 30, 2022

**I. Summary of the Auditor's Results**

Basic 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

Federal and State Awards

- 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 and state programs.
- f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516 (a) or State of Texas *Uniform Grant Management Standards*?  Yes  No

g. Identification of major federal programs:

<u>Program/Cluster Name</u>	<u>Federal Assistance Listing #</u>
Highway Planning & Construction Cluster	20.205
Coronavirus State & Local Fiscal Recovery Funds	21.027

- h. The dollar threshold used to distinguish between type A and type B federal programs. \$750,000

- i. Identification of major state program: TxDOT Green Ribbon Grant

- j. The dollar threshold used to distinguish between type A and type B state programs. \$300,000

- k. Auditee qualified as a low-risk federal auditee?  Yes  No  
 Auditee qualified as a low-risk state auditee?  Yes  No



**Town of Little Elm, Texas**

Schedule of Findings and Questioned Costs

For the Year Ended September 30, 2022

**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, 2022

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

None

**Town of Little Elm, Texas**  
Summary of Prior Audit Findings  
For the Year Ended September 30, 2022

**IV. Summary of Prior Year Findings**

None

# Town of Little Elm, Texas

## Schedule of Expenditures of Federal and State Awards For the Year Ended September 30, 2022

Federal and State/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Grant Number	Federal Expenditures
<b>FEDERAL AWARDS</b>			
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through Office of the Governor:			
Night Vision Goggles FY21 SHSP LETPA Projects	97.067	4198601	<u>\$ 29,000</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			29,000
<b>U.S. DEPARTMENT OF TREASURY</b>			
Passed through the State of Texas Department of Emergency Management:			
COVID-19 American Recovery Plan Act	21.027	N/A	<u>1,516,286</u>
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>			1,516,286
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Direct Program:			
Equitable Sharing Program	16.922	N/A	24,930
Passed through Office of the Governor:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	4242801	<u>94,385</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			119,315
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
Direct Program:			
WaterSMART Drought Response Program	45.310	BOR-DO-20-F002	<u>1,463</u>
<b>TOTAL U.S. DEPARTMENT OF THE INTERIOR</b>			1,463
<b>U.S. DEPARTMENT OF COMMERCE</b>			
Direct Program:			
Economic Development Cluster	11.307	08-79-05538	<u>57,070</u>
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>			57,070
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed through Texas Department of Transportation:			
Highway Planning and Construction Cluster	20.205	1315-02-014	<u>962,207</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>962,207</u>
<b>TOTAL EXPENDITURES OF FEDERAL FINANCIAL AWARDS</b>			<u>\$ 2,685,341</u>

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

**Town of Little Elm, Texas**Schedule of Expenditures of Federal and State Awards  
For the Year Ended September 30, 2022

State/Pass through Grantor Program Title	Grant ID Number	Expenditures
<b>STATE AWARDS</b>		
<b>TEXAS DEPARTMENT OF TRANSPORTATION</b>		
Green Ribbon Program	1315-02-014	\$ 260,552
<b>TOTAL TEXAS DEPARTMENT OF TRANSPORTATION</b>		260,552
<b>TEXAS INTRASTATE FIRE MUTUAL AID SYSTEM</b>		
Hurricane IDA	210188	211,616
Twin Creek & North 207	210329	39,045
2022 Winter Fires	220132	20,120
Edinburg Complex Fires 2022	N/A	205,520
Coconut Fire 2022 Spring Fires	220452	53,799
Dempsey Fire	220569	9,804
Wildfire Season 2022	220635	50,137
EMTF-Wildfire Outlook 1148	N/A	16,914
EMTF-Chaulk Mountain Fire	N/A	22,228
August Fires	N/A	24,597
<b>TOTAL TEXAS INTRASTATE FIRE MUTUAL AID SYSTEM</b>		653,780
<b>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>		
Solid Waste Program	22-04-11	32,075
Alternative Fueling Facilities Program (AFFF)	582-21-14907-AF	55,431
<b>TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>		87,506
<b>TEXAS PARKS AND WILDLIFE</b>		
Cottonwood Park - Phase I	N/A	38,523
<b>TOTAL TEXAS PARKS AND WILDLIFE</b>		38,523
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>		<b>\$ 1,040,361</b>

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

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

Notes to Schedule of Expenditures of Federal and State Awards  
For the Year Ended September 30, 2022

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

The Town of Little Elm, Texas (the Town) accounts for most of its Federal and State 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 and State Awards includes the federal grant and state 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, 2022.

Amounts reported in the accompanying schedule may not agree with amounts reported in the related federal and state financial reports with grantor agencies because of accruals which would be included in the subsequent report file with the agencies.

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