

**CITY OF GRAND PRAIRIE, TEXAS**

**UNIFORM GRANT MANAGEMENT STANDARDS REPORT**

**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**

To the City Council  
City of Grand Prairie, Texas

We have audited, in accordance with 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 City of Grand Prairie, Texas, (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 15, 2018. Our report includes a reference to other auditors who audited the financial statements of the Grand Prairie Housing Finance Corporation (a discretely presented component unit). The financial statements of the Grand Prairie Housing Finance Corporation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Grand Prairie Housing Finance Corporation.

**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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

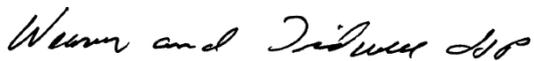
However, we identified a deficiency in internal control over financial reporting, as described in the accompanying schedule of findings and questioned costs as an item [2017-001] that we consider to be a significant deficiency.

### **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 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.

Dallas, Texas  
March 15, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
UNIFORM GRANT MANAGEMENT STANDARDS AND ON SCHEDULE OF EXPENDITURES  
OF STATE AWARDS**

To the City Council  
City of Grand Prairie, Texas

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

We have audited City of Grand Prairie, Texas' (the City) compliance with the types of compliance requirements described in the Uniform Grants Management Standards issued by the Governor's Office of Budget and Planning that could have a direct and material effect on each of City's major state programs for the year ended September 30, 2017. The City's major state 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major state 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 Uniform Grant Management Standards issued by the Governor's Office of Budget and Planning. Those standards 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 state 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 state program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major State 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 state programs for the year ended September 30, 2017.

## 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 state 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 state program and to test and report on internal control over compliance in accordance with Uniform Grant Management Standards issued by the Governor's Office of Budget and Planning, 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 state 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 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 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.

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, we identified a deficiency in internal control over financial reporting, as described in the accompanying schedule of findings and questioned costs as an item [2017-001] that we consider to be a significant deficiency.

The City's responses to the internal control over financial reporting finding identified in our audit are described in the accompanying corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Awards**

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 City of Grand Prairie, Texas (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 15, 2018, which contained unmodified opinions on those financial statements. The financial statements of the Grand Prairie Housing Finance Corporation (a discretely presented component unit) were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Grand Prairie Housing Finance Corporation is based on the report of other auditors. 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 state awards is presented for purposes of additional analysis as required by Uniform Grant Management Standards 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 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.

Dallas, Texas  
March 15, 2018

**CITY OF GRAND PRAIRIE, TEXAS  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

**BASIC FINANCIAL STATEMENTS:**

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes     X  No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)?  X  Yes    \_\_\_ None reported

Noncompliance which is material to the basic financial statements noted? \_\_\_ Yes     X  No

**STATE AWARDS:**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes     X  No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? \_\_\_ Yes     X  None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with Uniform Grant Management Standards? \_\_\_ Yes     X  No

Identification of major programs:

State Grant Number(s)	Name of State Grant or Program
CSJ: 0918-45-793	MacArthur Blvd - Interstate 30 to Hunter-Ferrell Road

Dollar threshold used to distinguish Between type A and type B programs:  \$300,000

Auditee qualified as low-risk? \_\_\_ Yes     X  No

**CITY OF GRAND PRAIRIE, TEXAS  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Section II-Financial Statement Findings**

**Finding 2017-001**

**Reporting** – Significant Deficiency in Controls over Financial Reporting

**Criteria** — Funds received and expended by an agent on behalf of the City should be reflected in the financial statements.

**Condition** — Capital assets purchased by the Texas Department of Transportation, acting as the agent on the Lake Ridge Widening project, was not recorded by the City of Grand Prairie in the proper period.

**Questioned Costs** — None

**Context** — The City had not been made aware of expenditures administered by the Texas Department of Transportation related to this portion of the project until the 2017 fiscal year due to insufficient controls and accounting procedures related to non-cash transactions.

**Effect** — Capital assets were understated by \$1,301,607.

**Recommendation** — The City should implement controls and procedures to ensure that funds received and expended by an agent acting on behalf of the City are reconciled and recorded in the year the expenditures are incurred.

**Responsible Party** — Walter Shumac, Director of Transportation

**Management Response** — Accounting and Transportation staff will immediately expand the current internal control procedures with “dual oversight” of all grantor documents on file; and, accounting will follow up with all grantors’ report status.

**Expected Completion Date** — March 31, 2018

**Section III-State Awards Findings and Questioned Costs**

There were no findings for the year ended September 30, 2017.

**CITY OF GRAND PRAIRIE, TEXAS  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**Section IV-Schedule of Prior Year Findings and Questioned Costs**

**Finding 2016-001 — Procurement**

Management Response — In order to ensure that the City complies with Uniform Grant Management Standards going forward, the Engineering Department has determined it necessary to require that each vendor provide a certification regarding debarment regardless of funding source and department personnel will review and document the verification of all vendors to ensure that the vendor is not listed as suspended or debarred on the sam.gov website.

Status — Corrected

**CITY OF GRAND PRAIRIE, TEXAS  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Grant/ Contract Number</b>	<b>Activity</b>	<b>Expenditures</b>
<b>STATE AWARDS</b>			
Texas Department of Transportation: MacArthur Blvd - Interstate 30 to Hunter-Ferrell Road	CSJ: 0918-45-793	36509015	\$ 5,626,448
Aviation Division: Routine Airport Maintenance 2016	M1602GNDP	67016007	47,918
Public Transportation Division: Transit Operations	51216F7058	11516001	190,430
Texas Department of Criminal Justice Police Department Body Worn Camera Program	3185801	38516021	223,356
Texas Commission on Arts: African Safari Program	72963	15017020	188
Weather Wonders Library Grant	72972	15017021	125
Joe McDermott	72936	15017023	525
Le Theatre de Marionette	74222	15017024	650
<b>TOTAL STATE AWARDS</b>			<b>\$ 6,089,640</b>

**CITY OF GRAND PRAIRIE, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**NOTE 1. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of State Awards (the Schedule) is prepared on the modified accrual basis of accounting. Expenditures are recognized when incurred.

**NOTE 2. REPORTING ENTITY**

The City of Grand Prairie, Texas (the City), for purposes of the Schedule, includes all funds of the primary government, but excludes component units as defined by the Government Accounting Standards Board.

**NOTE 3. RELATIONSHIP TO STATE FINANCIAL REPORTS**

Grant expenditure reports, as of September 30, 2017, already submitted to grantor agencies will, in some cases, differ slightly 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: INDIRECT COST RATE**

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