

City of Lewisville, Texas

Uniform Grant Management Standards Report

Years Ended September 30, 2019

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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 City Council
City of Lewisville, 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 City of Lewisville, Texas, (the City), as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our reports thereon dated March 9, 2020 and February 26, 2019, respectively; the latter of which included an emphasis paragraph regarding the implementation of a new accounting standard.

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 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 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 City Council
City of Lewisville, Texas

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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
March 9, 2020

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

The Honorable Mayor and City Council
City of Lewisville, Texas

Report on Compliance for Each Major State Program

We have audited the City of Lewisville, 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 the City's major state programs for the years ended September 30, 2019 and 2018. 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 the statutes, regulations, contracts, 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 years ended September 30, 2019 and 2018.

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

The Honorable Mayor and City Council
City of Lewisville, Texas

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 City of Lewisville, Texas (the City), as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our reports thereon dated March 9, 2020 and February 26, 2019, respectively, both of which contained unmodified opinions on those financial statements; the latter of which also contained an emphasis paragraph regarding the implementation of a new accounting standard. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules 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 schedules 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.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 9, 2020

City of Lewisville, Texas

Schedule of Audit Findings and Questioned Costs For the Years Ended September 30, 2019 and 2018

Section I-Summary of Auditor's Results

Basic Financial Statements:

Unmodified opinions were 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)? ___Yes **X**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

Unmodified opinions were 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
2018:	
CSJ: 0918-46-289	Valley Ridge Boulevard
2019:	
CSJ-0918-46-261	Old Town Transit Orientation

Dollar threshold used to distinguish
Between type A and type B programs:

\$300,000

Auditee qualified as low-risk?

___Yes **X**No

City of Lewisville, Texas
Schedule of Audit Findings and Questioned Costs
For the Years Ended September 30, 2019 and 2018

Section II-Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings for the years ended September 30, 2019 and 2018.

City of Lewisville, Texas
Schedule of Audit Findings and Questioned Costs – Continued
For the Years Ended September 30, 2019 and 2018

Section III-State Awards Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required to be reported by *Uniform Grant Management Standards* issued by the Governor's Office of Budget and Planning.

There were no findings for the years ended September 30, 2019 and 2018.

City of Lewisville, Texas
Summary of Prior Year Audit Findings
For the Years Ended September 20, 2019 and 2018

There were no prior year audit findings.

City of Lewisville, Texas
Schedules of Expenditures of State Awards
For the Years Ended September 30, 2019 and 2018

Grantor/Pass-Through Grantor/Program Title	Grant/ Contract Number	2019	2018
TEXAS DEPARTMENT OF TRANSPORTATION			
Old Town Transit Orientation	CSJ: 0918-46-261	\$ 2,436,565	\$ -
Corporate Drive DGNO to Elm Fork Bridge	CSJ: 0918-46-236	12,960	215,288
Corporate Drive @ Elm Fork Bridge	CSJ: 0918-46-237	28,171	309,939
Corporate Drive-Elm Fork Bridge to Holford's Prairie	CSJ: 0918-46-238	32,941	170,584
Corporate Drive-Holford's Prairie to FM2281	CSJ: 0918-46-239	42,526	58,631
Valley Ridge Boulevard	CSJ: 0918-46-289	-	1,300,000
		<u>2,553,163</u>	<u>2,054,442</u>
TEXAS DEPARTMENT OF PUBLIC SAFETY			
TIFMAS Summer Fires	ST-148, ST-150	-	35,485
McDannald Fire (TIFMAS)	ST 18-126	-	25,873
Hurricane Harvey (TIFMAS)	ST-109	-	26,091
TIFMAS Panhandle Fires	TX-TXMS-18001	810	152,330
TIFMAS Copper Break/Vivian	TX-TFMS-190026	62,569	-
California EMAC Support	TX-TSX-018506	108	91,040
California EMAC Support #2	TX-TSX-018506	84,552	-
May Severe Weather	19-0015	3,694	-
May Severe Weather #2	19-0016	3,668	-
		<u>155,401</u>	<u>330,819</u>
TEXAS OFFICER OF THE GOVERNOR - CRIMINAL JUSTICE DIVISION			
Rifle Resistant Armor	2018-BG-ST-0025	-	49,700
TEXAS DEPARTMENT OF STATE HEALTH SERVICES			
NCTTRAC	FY19 EMS	<u>1,964</u>	<u>-</u>
TEXAS COMMISSION ON THE ARTS			
Texas Commission on the Arts	81092, 82066, 82062, 83831	<u>8,350</u>	<u>-</u>
TEXAS COMMISSION ON ENVIRONMENT QUALITY			
Sustainable Materials Mgmt Solid Waste	18-04-07	<u>51,349</u>	<u>4,611</u>
Total Expenditures of State Financial Assistance		<u><u>\$ 2,770,227</u></u>	<u><u>\$ 2,439,572</u></u>

City of Lewisville, Texas
Notes to Schedules of Expenditures of State Awards
For the Years Ended September 30, 2019 and 2018

Note 1. General

The accompanying Schedules of Expenditures of State Awards presents the activity of all applicable state awards of the City of Lewisville, Texas (the City). The City's reporting entity is defined in Note 1 to the financial statements. State awards are received directly from state agencies as well as state awards passed through other government agencies are included on the schedules.

Note 2. Basis of Accounting

The accompanying Schedules of Expenditures of State Awards is presented using the accrual basis of accounting. The accrual basis of accounting is described in Note 1 to the financial statements.

Note 3. Relationship to State Financial Reports

Amounts reported in the accompanying schedules may not agree with amounts reported in the related state financial reports with grantor agencies because of accruals which would be included in the next report filed with the agencies.