



CITY OF PLANO, TEXAS

OMB Circular A-133 Single Audit – Federal and State Awards

Fiscal Year Ended September 30, 2015

CITY OF PLANO, TEXAS

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**Independent Auditors' 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 Members of the City Council
The City of Plano, 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 unit, each major fund, and the aggregate remaining fund information of the City of Plano, Texas (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 13, 2016.

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 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*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Dallas, Texas
January 13, 2016



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Independent Auditors' Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards and the Schedule of Expenditures of State Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of Texas Single Audit Circular

The Honorable Mayor and Members of the City Council
The City of Plano, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the City of Plano, Texas' (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the State of Texas Single Audit Circular (SAC) that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2015. The City'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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of Texas Single Audit Circular (SAC). Those standards, OMB Circular A-133 and SAC, 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 or 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 federal and state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal and 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 federal and state programs for the year ended September 30, 2015.



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 federal and 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 federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and SAC, 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 federal or 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 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.

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 OMB Circular A-133 and SAC. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and State of Texas Single Audit Circular

We have audited the financial statements of the City as of and for the year ended September 30, 2015, and have issued our report thereon dated January 13, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and SAC and is not a required part of the 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 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 financial statements or to the 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 financial statements as a whole.

KPMG LLP

Dallas, Texas
January 13, 2016

CITY OF PLANO, TEXAS

Schedule of Expenditures of Federal and State Awards

Fiscal Year ended September 30, 2015

Federal	Contract number	Federal CFDA number	FY2015 Total grant expenditures
U.S. Department of Homeland Security, Federal Emergency Management Agency:			
Assistance to Firefighters Grant	EMW-2012-FO-01688	97.044	\$ 35
Passed through Texas Department of Public Safety:			
Urban Areas Security Initiative LETPA 2013	13-SR 58016-01	97.067	123,628
Urban Areas Security Initiative DFWA 2014	14-SR 58016-01	97.067	34,334
Urban Areas Security Initiative LETPA 2014	14-SR 58016-02	97.067	60,399
Total CFDA 97.067			<u>218,361</u>
Total U.S. Department of Homeland Security, Federal Emergency Management Agency			<u>218,396</u>
U.S. Department of Housing and Urban Development:			
Community Development Block Grants/Entitlement Grants	B-14-MC-48-0035	14.218	1,615,894
HOME Investment Partnerships Program	M-14-MC-480234	14.239	200,597
Total U.S. Department of Housing and Urban Development			<u>1,816,491</u>
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	N/A	16.607	7,211
Edward Byrne Memorial Justice Assistance Grant Program	2013-DJ-BX-0870	16.738	21,633
Edward Byrne Memorial Justice Assistance Grant Program	2014-DJ-BX-0698	16.738	18,655
Total CFDA 16.738			<u>40,288</u>
Drug Enforcement Administration Task Force 2	N/A	16.UNK	4,987
Federal Bureau of Investigation Computer Crime Lab Task Force	N/A	16.UNK	6,372
Federal Bureau of Investigation Cyber Crime Task Force	N/A	16.UNK	6,900
Federal Bureau of Investigation Joint Terrorism Task Force	N/A	16.UNK	9,161
Total CFDA 16.UNK			<u>27,420</u>
Department of Justice Equitable Sharing Program	N/A	16.922	350,000
Total U.S. Department of Justice			<u>424,919</u>
U.S. Department of Transportation:			
Passed through Texas Department of Transportation:			
Highway Planning and Construction	CSJ: 0918-24-143	20.205	1,900,392
State and Community Highway Safety	2015-PlanoPD-S-1YG-0055	20.600	133,558
Total U.S. Department of Transportation			<u>2,033,950</u>
U.S. Department of Treasury:			
U.S. Secret Service North Texas Financial Crimes Task Force	N/A	21.UNK	11,000
Treasury Forfeiture Fund Program	N/A	21.000	451,330
Total U.S. Department of Treasury			<u>462,330</u>
U.S. Institute of Museum and Library Services:			
Passed through Texas State Library and Archives Commission:			
TSLAC Special Projects Grant Program	478-15012	45.310	66,502
TSLAC Impact Grant Program	475-15016	45.310	9,956
TSLAC Edge Implementation Program	N/A	45.310	9,812
Total U.S. Institute of Museum and Library Services			<u>86,270</u>
U.S. Office of National Drug Control Policy:			
Passed through Navarro County Sheriff's Office:			
High Intensity Drug Trafficking Areas Program	G15NT001A	95.001	8,728
Total U.S. Office of National Drug Control Policy			<u>8,728</u>
Total federal assistance			<u>\$ 5,051,084</u>

See accompanying notes to schedule of expenditures of federal and state awards.

CITY OF PLANO, TEXAS
Schedule of Expenditures of Federal and State Awards
Fiscal Year ended September 30, 2015

<u>State</u>	<u>Contract number</u>	<u>Federal CFDA number</u>	<u>FY2015 Total grant expenditures</u>
The Texas Commission on Environmental Quality: Passed through North Central Texas Council of Governments: Purchase a Community Cleanup Trailer	14-04-G06		\$ 58,124
Total Texas Commission on Environmental Quality			<u>58,124</u>
Texas Department of State Health Services: Passed through North Central Texas Trauma Regional Advisory Council, Inc.: EMS Trauma Care System Program			3,265
Total Texas Department of State Health Services			<u>3,265</u>
Texas Department of Transportation: 15th Street – G Avenue to US 75 Independence Parkway Corridor Parker Road Corridor Improvement Park Boulevard Corridor Improvements Preston Road Corridor Improvement Passed through North Central Texas Council of Governments: Park Boulevard/US 75 Pedestrian Crossing	CSJ: 0918-24-144 CSJ: 0918-24-153 CSJ: 0918-24-156 CSJ: 0918-24-155 CSJ: 0091-05-057		1,192,891 854,897 1,842 5,257 978,911
Total Texas Department of Transportation			<u>4,019,771</u>
Texas Office of the Governor/Comptroller: Law Enforcement Officer Standards and Education			31,071
Total Texas Office of the Governor/Comptroller			<u>31,071</u>
Texas State Library and Archives Commission: TSLAC Family Place Library Grant			6,000
Total Texas State Library and Archives Commission			<u>6,000</u>
Office of the Attorney General: Texas Crime Victims Compensation			21,948
Total Office of the Attorney General			<u>21,948</u>
Criminal Investigation: State/Local Criminal Investigation			458,209
Total Criminal Investigation			<u>458,209</u>
Total state assistance			<u>\$ 4,598,388</u>

See accompanying notes to schedule of expenditures of federal and state awards.

CITY OF PLANO, TEXAS

Notes to Schedule of Expenditures of Federal and State Awards

September 30, 2015

(1) General

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City of Plano, Texas (the City) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Texas Single Audit Circular. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The City's reporting entity is defined in note 1 to the City's basic financial statements. Federal and state awards received directly from federal and state agencies as well as federal and state awards passed through other government agencies are included on the schedule.

(2) Subrecipients

<u>Program Title</u>	<u>Federal CFDA #</u>	<u>Amount</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 118,472
HOME Investment Partnerships Program	14.239	157,623
		<u>\$ 276,095</u>

(3) Loans

At September 30, 2015, the amount of loans outstanding related to the Community Development Block Grants and HOME Investment Partnerships Program was approximately \$876,264 and \$75,882, respectively.

CITY OF PLANO, TEXAS

Schedule of Findings and Questioned Costs

Year ended September 30, 2015

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified that are not considered to be material weaknesses? None reported

Noncompliance material to the financial statements noted? No

Federal and State Awards

Internal control over major programs:

- Material weakness identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133 or State Single Audit Circular? No

Identification of Major Programs

<u>CFDA/grant number/state identification number</u>	<u>Name of federal and state program or cluster</u>
Major Federal Programs:	
16.922	Department of Justice - Equitable Sharing Program
21.000	Treasury Forfeiture Fund Program
20.205	Highway Planning and Construction
Major State Programs:	
	State and Local Criminal Investigations
	State of Texas Department of Transportation

Dollar threshold used to distinguish between type A and type B programs: \$300,000 for federal programs
\$300,000 for state programs

Auditee qualified as low-risk auditee? Yes

CITY OF PLANO, TEXAS

Schedule of Findings and Questioned Costs

Year ended September 30, 2015

Section II – Findings Relating to the Financial Statements

The audit disclosed no findings required to be reported.

Section III – Findings and Questioned Costs Related to Federal and State Awards

The audit disclosed no findings required to be reported.