



CITY OF PLANO, TEXAS

Report on Federal and States Awards in accordance with
Uniform Guidance

Fiscal Year Ended September 30, 2016

(With Independent Auditor Reports Thereon)

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, 2016, 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 12, 2017.

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 12, 2017



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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 the Uniform Guidance and the State of Texas Uniform Grant Management Standards

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 Compliance Supplement and the State of Texas Uniform Grant Management Standards (UGMS) 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal and state awards 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; and 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 UGMS. Those standards and the Uniform Guidance and UGMS 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, 2016.

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 the Uniform Guidance and UGMS, 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 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 State of Texas Uniform Grant Management Standards

We have audited the financial statements of the City as of and for the year ended September 30, 2016, and have issued our report thereon dated January 12, 2017, 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 the Uniform Guidance and UGMS 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 12, 2017

CITY OF PLANO, TEXAS
Schedule of Expenditures of Federal and State Awards
Fiscal Year ended September 30, 2016

<u>Federal</u>	<u>Contract number</u>	<u>Federal CFDA number</u>	<u>Passed through to subrecipients</u>	<u>FY2016 Total grant expenditures</u>
U.S. Department of Homeland Security, Federal Emergency Management Agency:				
Passed through Texas Office of the Governor – Homeland Security Grants Division:				
Homeland Security Grant Program	2942701	97.067	\$	2,344
Homeland Security Grant Program	2984501	97.067		15,455
Passed through Texas Department of Public Safety:				
Homeland Security Grant Program	14-SR 58016-01	97.067		18,638
Homeland Security Grant Program	14-SR 58016-02	97.067		16,017
Total CFDA 97.067			—	52,454
Passed through Texas A&M Engineering Extension Service:				
National Urban Search and Rescue Response System	2016-0004	97.025		5,364
Total U.S. Department of Homeland Security, Federal Emergency Management Agency			—	57,818
U.S. Department of Housing and Urban Development:				
Community Development Block Grants/Entitlement Grants	B-15-MC-48-0035	14.218	166,631	1,555,823
HOME Investment Partnerships Program	M-15-MC-48-0234	14.239	94,254	224,069
Total U.S. Department of Housing and Urban Development			260,885	1,779,892
U.S. Department of the Interior, National Park Service:				
Passed through Texas Historical Commission:				
Historic Preservation Fund Grants-In-Aid	CLG-TX-16-040	15.904		2,313
Total U.S. Department of the Interior, National Park Service			—	2,313
U.S. Department of Justice:				
Edward Byrne Memorial Justice Assistance Grant Program	2014-DJ-BX-0698	16.738	—	20
Edward Byrne Memorial Justice Assistance Grant Program	2015-DJ-BX-0932	16.738	26,816	46,946
Edward Byrne Memorial Justice Assistance Grant Program	2016-DJ-BX-0496	16.738	28,503	28,503
Total CFDA 16.738			55,319	75,469
Drug Enforcement Administration Task Force 2	N/A	16.UNK		3,791
Federal Bureau of Investigation Computer Crime Lab Task Force	N/A	16.UNK		14,358
Federal Bureau of Investigation Cyber Crime Task Force	N/A	16.UNK		11,673
Federal Bureau of Investigation Joint Terrorism Task Force	N/A	16.UNK		13,411
Total U.S. Department of Justice			55,319	118,702
U.S. Department of Transportation:				
Passed through Dallas Area Rapid Transit:				
Enhanced Mobility of Seniors and Individuals with Disabilities	N/A	20.513		20,000
Passed through Texas Department of Transportation:				
Windhaven – Spring Creek to West City	CSJ: 0918-24-143	20.205		787,777
State and Community Highway Safety	2016-PlanoPD-S-1YG-0012	20.600		138,384
Total U.S. Department of Transportation			—	946,161
U.S. Department of Treasury:				
U.S. Secret Service North Texas Financial Crimes Task Force	N/A	21.UNK		7,586
Treasury Forfeiture Fund Program	N/A	21.000		533,200
Total U.S. Department of Treasury			—	540,786
Institute of Museum and Library Services:				
Passed through Texas State Library and Archives Commission:				
Interlibrary Loan Lending Reimbursement Program	715-15157	45.310		31,359
Interlibrary Loan Lending Reimbursement Program	900016	45.310		45,283
Texas State Library and Archives Commission Impact Grant Program	475-16020	45.310		10,000
Total Institute of Museum and Library Services			—	86,642
Total Federal Assistance			\$ 316,204	3,532,314

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, 2016

<u>State</u>	<u>Contract number</u>	<u>Federal CFDA number</u>	<u>Passed through to subrecipients</u>	<u>FY2016 Total grant expenditures</u>
Texas A&M Forest Service:				
Texas Intrastate Fire Mutual Aid System Grant Assistance Program	N/A		\$ _____	7,500
Total Texas A&M Forest Service			—	7,500
Texas Department of Public Safety, Texas Division of Emergency Management:				
Passed through the City of Dallas:				
Texas Task Force 2	Garland Tornado			782
Passed through Texas A&M Engineering Extension Service:				
Texas Task Force 1	15-0028			5,263
Texas Task Force 1	16-0007			2,862
Texas Task Force 1	16-0008			11,253
Total Department of Public Safety, Texas Division of Emergency Management			—	20,160
Texas Department of State Health Services:				
Passed through North Central Texas Trauma Regional Advisory Council, Inc.:				
EMS Trauma Care System Program	N/A			3,075
Total Texas Department of State Health Services			—	3,075
Texas Department of Transportation:				
15th Street – G Avenue to U.S. 75	CSJ: 0918-24-144			500,000
Independence Parkway Corridor	CSJ: 0918-24-153			120,705
Parker Road Corridor Improvement	CSJ: 0918-24-156			75,287
Legacy Corridor Improvements	CSJ: 0918-24-154			24,256
12th Street – Cotton Belt Railway	CSJ: 0918-24-218			916,000
Total Texas Department of Transportation			—	1,636,248
Attorney General of Texas:				
Texas Crime Victims Compensation	N/A			25,817
Total Attorney General of Texas			—	25,817
Comptroller of Public Accounts:				
Law Enforcement Officer Standards and Education	N/A			41,923
Total Comptroller of Public Accounts			—	41,923
Criminal Investigation:				
State/Local Criminal Investigation	N/A			10,750
Total Criminal Investigation			—	10,750
Total State assistance			\$ —	1,745,473

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, 2016

(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 Uniform Guidance, *Audits of States, Local Governments, and Non Profit Organizations* and the State of Texas Uniform Grant Management Standards. 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	\$ 166,631
HOME Investment Partnerships Program	14.239	94,254
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>55,319</u>
		<u>\$ 316,204</u>

(3) Loans

At September 30, 2016, the amount of loans outstanding related to the Community Development Block Grants and HOME Investment Partnerships Program was approximately \$817,405 and \$61,587, respectively.

(4) Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF PLANO, TEXAS
 Schedule of Findings and Questioned Costs
 Year ended September 30, 2016

Section I – Summary of Auditors’ Results

Financial Statements

- | | |
|--|---------------|
| (a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: | Unmodified |
| (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements: | |
| • Material weaknesses: | No |
| • Significant deficiencies: | None reported |
| (c) Noncompliance material to the financial statements: | No |

Federal and State Awards

- | | |
|--|---------------|
| (d) Internal control deficiencies over major programs disclosed by the audit: | |
| • Material weaknesses: | No |
| • Significant deficiencies: | None reported |
| (e) Type of report issued on compliance for major programs: | Unmodified |
| (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): | No |

(g) *Identification of Major Programs*

CFDA/grant number/state identification number	Name of federal and state program or cluster
Major federal programs: 14.218	Community Development Block Grants/Entitlement Grants
Major state programs:	State of Texas Department of Transportation

- | | |
|--|--|
| (h) Dollar threshold used to distinguish between type A and type B programs: | \$750,000 for federal programs
\$750,000 for state programs |
| (i) Auditee qualified as low risk auditee? | Yes |

CITY OF PLANO, TEXAS
Schedule of Findings and Questioned Costs
Year ended September 30, 2016

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.