

TOWN OF PROSPER, TEXAS

SINGLE AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

TOWN OF PROSPER, TEXAS

SEPTEMBER 30, 2020

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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**

Honorable Mayor
and Members of Town Council
Town of Prosper, 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 Town of Prosper, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Prosper, Texas' basic financial statements, and have issued our report thereon dated March 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Prosper, Texas' internal control over financial reporting (internal control) as a basis for designing 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 Town of Prosper, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Prosper, Texas' 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Prosper, Texas' 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 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*.

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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 23, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable Mayor
and Members of Town Council
Town of Prosper, Texas

Report on Compliance for Each Major Federal Program

We have audited the Town of Prosper, Texas' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Town of Prosper, Texas' major federal programs for the year ended September 30, 2020. Town of Prosper, Texas' major federal 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 conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Prosper, Texas' major federal 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about the Town of Prosper, Texas' 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 program. However, our audit does not provide a legal determination of Town of Prosper, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, Town of Prosper, Texas 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 programs for the year ended September 30, 2020.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Report on Internal Control over Compliance

Management of Town of Prosper, Texas, 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 Town of Prosper, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for determining auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Town of Prosper, Texas' 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 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 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 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. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited 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 Town of Prosper, Texas as of and for the year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the Town of Prosper, Texas' basic financial statements. We issued our report thereon dated March 23, 2021 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 awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 23, 2021

TOWN OF PROSPER, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Pass-through Expenditures
<u>U.S Department of Transportation</u>				
Passed through Texas Department of Transportation:				
State and Community Highway Safety	20.600	2020-ProsperPD-S-1YG-00089	<u>11,904</u>	-
Total Highway Safety Cluster			<u>11,904</u>	-
Total passed through Texas Department of Transportation			<u>11,904</u>	-
Total U.S Department of Transportation			<u>11,904</u>	-
<u>U.S Department of Treasury</u>				
Passed through Collin County, Texas:				
Coronavirus Relief Fund - COVID-19	21.019	N/A	<u>342,049</u>	-
Total passed through Collin County, Texas			<u>342,049</u>	-
Passed through Denton County, Texas:				
Coronavirus Relief Fund - COVID-19	21.019	N/A	<u>245,300</u>	-
Total passed through Denton County, Texas			<u>245,300</u>	-
Total CFDA - 21.019			<u>587,349</u>	-
Total U.S Department of Treasury - 21.019			<u>587,349</u>	-
<u>U.S. Environmental Protection Agency</u>				
Passed through North Texas Council of Governments:				
National Clean Diesel Funding Assistance Program	66.039	TRN5175	<u>102,227</u>	-
Total passed through North Texas Council of Governments			<u>102,227</u>	-
U.S. Environmental Protection Agency			<u>102,227</u>	-
<u>U.S Department of Homeland Security</u>				
Federal Emergency Management Agency:				
Passed through Texas Division of Emergency Management:				
Emergency Management Performance Grants	97.042	EMT-2019-RP-00005	<u>25,595</u>	-
Total passed through Texas Division of Emergency Management			<u>25,595</u>	-
Passed through Texas Office of the Governor:				
Homeland Security Grant Program	97.067	HS 3531201	<u>32,000</u>	-
Total passed through Texas Office of the Governor			<u>32,000</u>	-
Direct Award:				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2018-FH-00394	<u>382,089</u>	-
Total U.S Department of Homeland Security			<u>439,684</u>	-
Total Federal Awards				
			<u>\$ 1,141,164</u>	\$ -

TOWN OF PROSPER, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SEPTEMBER 30, 2020

1. GENERAL

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of the Town of Prosper, Texas. The Town's reporting entity is defined in Note 1 of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The Town's significant account policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The information in the schedule is presented in accordance with the 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). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. INDIRECT COSTS

The Town did not elect to apply the 10% de minimis indirect cost rate.

TOWN OF PROSPER, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED September 30, 2020

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None

Significant deficiency(ies) identified? None

Noncompliance material to financial statements noted?

None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance
for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)

None

Identification of major programs:

CFDA Number(s) #21.019 Name of Federal Program or Cluster: Coronavirus Relief Fund - COVID-19

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee? No

Findings and Questioned Costs for Federal Awards

None

Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With Generally Accepted Auditing Standards

None

TOWN OF PROSPER, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NONE