

CITY OF CEDAR HILL, TEXAS

SINGLE AUDIT REPORT

September 30, 2022

CITY OF CEDAR HILL, TEXAS
Cedar Hill, Texas
September 30, 2022

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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 Honorable Mayor and Members of the City Council,
City of Cedar Hill, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Hill (City) as of and for the year ended September 30, 2022, 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 23, 2023.

Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying *schedule of findings and questioned costs* as item 2022-001 that we consider to be a material weakness.

Report on 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 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*.

(Continued)

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Crowe LLP".

Crowe LLP

Dallas, Texas
March 23, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and Members of the City Council,
City of Cedar Hill, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Cedar Hill's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended September 30, 2022. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

(Continued)

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 23, 2023, 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe LLP

Dallas, Texas
March 23, 2023

CITY OF CEDAR HILL, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2022

Federal grantor/pass-through grantor/program title	Assistance Listing Number	Pass-through Grantor's or Contract Number	Total Federal Expenditures
<u>U.S. Department of Homeland Security (FEMA)</u>			
Pass Through Dallas County			
COVID-19- Vaccination Site Reimbursement -Public Safety	97.036	242671-Cedar Hill	185,207
Pass Through Texas Department of Emergency Management			
FY22 Wildfire Response	97.042	N/A	103,330
Total U.S. Department of Homeland Security (FEMA)			<u>288,537</u>
<u>U.S. Health and Human Services Commission</u>			
Pass Through Texas Health & Human Services			
Ambulance Supplemental Payment Program	93.778	N/A	134,694
Total U.S. Health & Human Services			<u>134,694</u>
<u>U.S. Department of Transportation</u>			
Pass Through Texas Department of Transportation			
State and Community Highway Safety Program (STEP)	20.600	2022-CedarPD-S-1YG-00046	11,137
Traffic Signal Improvements- Wintergreen & New Clark Rd	20.205	0918-47-290	61,170
Hwy 67 Landscaping Development (Green Ribbon)	20.205	0261-02-079	1,456,791
Safe Route to School	20.205	0918-47-209	1,269,133
South Clark Trail	20.205	0918-47-202	690,296
Total U.S. Department of Transportation			<u>3,488,527</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass Through Dallas County			
Community Development Block Grant - Hickerson Street	14.218	N/A	39,704
Total U.S. Department of Housing and Urban Development			<u>39,704</u>
<u>U.S. Department of Justice</u>			
Pass Through Office of the Governor - Criminal Justice Division			
BVPP (Ballistic Vest)	16.607	N/A	5,970
First Responder Mental Health Resiliency Program - VOCA Phase III	16.575	3707903	114,250
Federal Asset Forfeiture	16.922	N/A	105,109
High Intensity Drug Trafficking Areas (HiDTA)	16.922	N/A	11,008
Total U.S. Department of Justice			<u>236,337</u>
<u>U.S. Department of Treasury</u>			
American Rescue Plan Act- Coronavirus State & Local Fiscal Recovery Fund (CSLFRF)	21.027	N/A	713,025
Total U.S. Department of Treasury			<u>713,025</u>
<u>U.S. Department of Health and Human Services</u>			
Pass Through Area Agency on Aging Dallas County	93.045	539-11-0013-00001	73,040
Total U.S. Department of Health and Human Services			<u>73,040</u>
Total Federal Expenditures			<u>\$ 4,973,864</u>

See accompanying notes to schedule of expenditure of federal awards.

CITY OF CEDAR HILL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Cedar Hill, Texas (the City) under programs of the federal government for the year ended September 30, 2022. The City's reporting entity is defined in Note 1 to the City's financial statements.

The information in this 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 amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Subrecipients: Of the Federal expenditures presented in the schedule, the City did not provide any Federal awards to subrecipients.

Non-Cash Assistance: The City did not receive any non-cash assistance during the year.

Federal Insurance: The City had no Federal insurance in force during the year.

Loan Activity: The City had no loan activity during the year and no loans outstanding as of year-end.

NOTE 3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports as of September 30, 2022, which have been submitted to grantor agencies will, in some cases, differ 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.

CITY OF CEDAR HILL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal Control over major program:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported

Type of auditor's report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be disclosed in accordance with the Uniform Guidance?

Yes No

Identification of major program:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

(Continued)

CITY OF CEDAR HILL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
September 30, 2022

Section II - Financial Statement Findings

Finding #: 2022-001 Financial Accounting and Reporting Environment

Type of Finding: Material Weakness

Criteria: An organization should have a system of internal controls, which are sufficiently designed to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements of the financial statements on a timely basis. This includes the preparation of appropriate financial statements in accordance with generally accepted accounting principles.

Condition: Adjustments were required to correct errors and improper presentation of financial information related to grants for deferred revenue and revenue.

Cause: Lack of depth of review and reconciliation of grant programs, expenditures and revenues prior to preparation of Schedule of Expenditures of Federal Awards (SEFA) and financial statements.

Effect or potential effect: Misstatement of financial statements.

Recommendation: Management should establish a procedure whereby a person knowledgeable of grant accounting prepares entries related to deferred grant revenues and grant expenditures, then reconciles grant revenues and expenditures. A reviewer knowledgeable of grant accounting should review entries and reconciliations.

Views of responsible officials and planned corrective actions: See Corrective Action Plan.

Section III - Federal Award Findings and Questioned Costs

There were no findings for the year ended September 30, 2022.

CITY OF CEDAR HILL
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
September 30, 2022

Prior Year Findings and Questioned Costs

There were no prior year findings.



Finance Department

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Cedar Hill, TX 75104
O. 972-291-5100
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Corrective Action Plan

Finding #:2022-001 Financial Accounting and Reporting Environment

Type of Finding: Material Weakness

Response: To address the material weakness finding per the FY2022 Single Audit, the Finance Department will implement a procedure to provide staff members further training on grant accounting, in order for staff to knowledgably prepare and review entries related to deferred grant revenues and grant expenditures. Furthermore, internal review of grant revenues and grant expenditures will be conducted on a periodic basis throughout the fiscal year and at Fiscal Year End to ensure any misstatements are identified and corrected on a timely basis. Lastly, a written grants policy will be prepared and submitted for adoption to The City Manager's Office to establish a uniform process of communicating and recording grant activity citywide.

Anticipated Completion Date: September 30, 2023

Responsible Officials:

Lauren McCarty
Controller
972-291-5100 Ext. 1152

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