

**CITY OF DUNCANVILLE, TEXAS**

**SINGLE AUDIT REPORT**

**SEPTEMBER 30, 2006**

**CITY OF DUNCANVILLE, TEXAS**

**TABLE OF CONTENTS**

**SEPTEMBER 30, 2006**

	<b><u>Page Number</u></b>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	1 – 2
Report on Compliance With Requirements Applicable to Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	3 – 4
Schedule of Expenditures of Federal Awards.....	5
Notes to Schedule of Expenditures of Federal Awards .....	6
Schedule of Findings and Questioned Costs.....	7
Summary Schedule of Prior Audit Findings.....	8

**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 of Council  
City of Duncanville, Texas

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Duncanville, Texas, as of and for the year ended September 30, 2006, which collectively comprise the City of Duncanville, Texas' basic financial statements and have issued our report thereon dated December 22, 2006. We conducted our audit in accordance with 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Duncanville, Texas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Duncanville, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Duncanville, Texas, in a separate letter dated December 22, 2006.

That report is intended solely for the information and use of management, the audit committee, City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Pattillo, Brown & Hill, LLP*

December 22, 2006

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and  
Members of the City of Council  
City of Duncanville, Texas

**Compliance**

We have audited the compliance of the City of Duncanville, Texas, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2006. The City of Duncanville, Texas' major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Duncanville, Texas' management. Our responsibility is to express an opinion on the City of Duncanville, Texas' compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Duncanville, 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. Our audit does not provide a legal determination on the City of Duncanville, Texas' compliance with those requirements.

In our opinion, the City of Duncanville, Texas, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2006.

## **Internal Control Over Compliance**

The management of the City of Duncanville, Texas, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Duncanville, Texas' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the City of Duncanville, Texas, as of and for the year ended September 30, 2006, and have issued our report thereon dated December 22, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Duncanville, Texas' basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the audit committee, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Patillo, Brown & Hill, LLP*

December 22, 2006

**CITY OF DUNCANVILLE, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b><u>U. S. Department of Housing and Urban Development</u></b>			
Passed through Office of Rural and Community Affairs:			
Community Development Block Grant	14.228	CDBG-Block Grant	\$ <u>51,446</u>
Total Passed through Office of Rural and Community Affairs			<u>51,446</u>
Total U. S. Department of Housing and Urban Development			<u>51,446</u>
<b><u>U. S. Department of Justice</u></b>			
Passed through Office of the Governor's Criminal Justice Division:			
Local Law Enforcement Block Grant	16.592	2005-F2315-TX-DJ	9,445
Local Law Enforcement Block Grant	16.592	2004LLBBX1192	<u>9,714</u>
Total Passed through Office of the Governor's Criminal Justice Division			<u>19,159</u>
Total U. S. Department of Justice			<u>19,159</u>
<b><u>U. S. Department of Homeland Security</u></b>			
Passed through Office of the Governor's Division of Emergency Management:			
Hurricane Katrina	97.036	FEMA-3216-DR-TX	725,176
Assistance to Firefighters Grant	97.044	EMW-2004-FG-13945	<u>851</u>
Total Passed through Office of the Governor's Division of Emergency Management			<u>726,027</u>
Total U. S. Department of Homeland Security			<u>726,027</u>
Total Expenditures of Federal Awards			\$ <u><u>796,632</u></u>

**CITY OF DUNCANVILLE, TEXAS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**SEPTEMBER 30, 2006**

**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Duncanville, Texas, for the year ended September 30, 2006. The City's reporting entity is defined in Note 1 to the City's financial statements. Federal financial assistance received directly from federal agencies and other agencies are included in the Schedule of Expenditures of Federal Awards.

**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.

**CITY OF DUNCANVILLE, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

**Summary of Auditors' Results**

Type of report on financial statements	Unqualified
Internal control over financial reporting Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported
Internal control over major programs Material weakness(es) identified?	No
Reportable condition(s) identified that are no considered to be material weakness(es)?	None reported
Noncompliance which is material to the basic financial statements	None
Type of report on compliance with major programs	Unqualified
Findings and questioned costs for federal awards as defined in Section 501(a), OMB Circular A-133 disclosed	None
Dollar threshold considered between Type A and Type B federal programs	\$300,000
Low risk auditee statement	The City was not classified as a low-risk auditee in the context of OMB Circular A-133
Major federal program	Hurricane Katrina, CFDA #97.036

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

None

**Findings and Questioned Costs for Federal Awards**

None

**CITY OF DUNCANVILLE, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

None