



# **City of Mesquite, Texas**

## **Single Audit Reports**

September 30, 2024



**City of Mesquite, Texas**  
**Contents**  
**September 30, 2024**

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|   |           |
|---|-----------|
| <b>Schedule of Expenditures of Federal Awards</b> .....   | <b>1</b>  |
| <b>Notes to the Schedule of Expenditures of Federal Awards</b> .....  | <b>2</b>  |
| <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> – Independent Auditor’s Report</b> ..... | <b>3</b>  |
| <b>Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance – Independent Auditor’s Report</b> .....          | <b>5</b>  |
| <b>Schedule of Findings and Questioned Costs</b> .....  | <b>8</b>  |
| <b>Summary Schedule of Prior Audit Findings</b> .....   | <b>12</b> |

**City of Mesquite, Texas**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2024**

| Federal Grantor / Pass-Through Grantor /<br>Program or Cluster Title  | Federal Assistance<br>Listing Number | Pass-Through Entity<br>Identifying Number                 | Provided<br>to Subrecipients | Total Federal<br>Expenditures |
|---|--------------------------------------|---|------------------------------|-------------------------------|
| <b>Department of Housing and Urban Development</b>                    |                                      |   |                              |                               |
| Direct Programs   |                                      |   |                              |                               |
| <i>CDBG – Entitlement Grants Cluster</i>                              |                                      |   |                              |                               |
| Community Development Block Grants/Entitlement Grants                 | 14.218                               |   | \$ 85,340                    | \$ 1,262,206                  |
| COVID-19 – Community Development Block Grants/Entitlement Grants      | 14.218                               |   | -                            | 22,256                        |
| <i>Total CDBG – Entitlement Grants Cluster</i>                        |                                      |   | <u>85,340</u>                | <u>1,284,462</u>              |
| <i>Housing Voucher Cluster</i>  |                                      |   |                              |                               |
| Section 8 Housing Choice Vouchers                                     | 14.871                               |   | -                            | 21,359,863                    |
| Mainstream Vouchers   | 14.879                               |   | -                            | 634,765                       |
| <i>Total Housing Voucher Cluster</i>                                  |                                      |   | <u>-</u>                     | <u>21,994,628</u>             |
| <b>Total Department of Housing and Urban Development</b>              |                                      |   | <u><b>85,340</b></u>         | <u><b>23,279,090</b></u>      |
| <b>Department of Justice</b>  |                                      |   |                              |                               |
| Direct Programs   |                                      |   |                              |                               |
| COPS Hiring Program   | 16.068                               |   | -                            | 64,898                        |
| Equitable Sharing Program   | 16.922                               |   | -                            | 396,869                       |
| Passed through from   |                                      |   |                              |                               |
| Dallas County   |                                      |   |                              |                               |
| Edward Byrne Memorial Justice Assistance Grant Program                | 16.738                               | None provided   | -                            | 22,500                        |
| <b>Total Department of Justice</b>                                    |                                      |   | <u>-</u>                     | <u><b>484,267</b></u>         |
| <b>Department of Transportation</b>                                   |                                      |   |                              |                               |
| Direct Program  |                                      |   |                              |                               |
| <i>Federal Transit Cluster</i>  |                                      |   |                              |                               |
| COVID-19 – Federal Transit – Formula Grants                           | 20.507                               |   | -                            | 142,452                       |
| Passed through from   |                                      |   |                              |                               |
| Texas Department of Transportation                                    |                                      |   |                              |                               |
| <i>Federal Transit Cluster</i>  |                                      |   |                              |                               |
| Federal Transit – Formula Grants                                      | 20.507                               | None provided   | -                            | 78,000                        |
| <i>Total Federal Transit Cluster</i>                                  |                                      |   | <u>-</u>                     | <u>220,452</u>                |
| <b>Total Department of Transportation</b>                             |                                      |   | <u>-</u>                     | <u><b>220,452</b></u>         |
| <b>Department of the Treasury</b>                                     |                                      |   |                              |                               |
| Direct Programs   |                                      |   |                              |                               |
| Equitable Sharing   | 21.016                               |   | -                            | 7,501                         |
| COVID-19 – Coronavirus State and Local Fiscal Recovery Funds          | 21.027                               |   | 501,524                      | 3,329,017                     |
| <b>Total Department of the Treasury</b>                               |                                      |   | <u><b>501,524</b></u>        | <u><b>3,336,518</b></u>       |
| <b>Department of Energy</b>   |                                      |   |                              |                               |
| Direct Program  |                                      |   |                              |                               |
| Energy Efficiency and Conservation Block Grant Program (EECBG)        | 81.128                               |   | -                            | 12,077                        |
| <b>Total Department of Energy</b>                                     |                                      |   | <u>-</u>                     | <u><b>12,077</b></u>          |
| <b>Department of Health and Human Services</b>                        |                                      |   |                              |                               |
| Passed through from   |                                      |   |                              |                               |
| Dallas Area Agency on Aging   |                                      |   |                              |                               |
| <i>Aging Cluster</i>  |                                      |   |                              |                               |
| Special Programs for the Aging, Title III, Part C, Nutrition Services | 93.045                               | 539-11-0013-00001   | -                            | 65,121                        |
| <i>Total Aging Cluster</i>  |                                      |   | <u>-</u>                     | <u>65,121</u>                 |
| <b>Total Department of Health and Human Services</b>                  |                                      |   | <u>-</u>                     | <u><b>65,121</b></u>          |
| <b>Department of Homeland Security</b>                                |                                      |   |                              |                               |
| Passed through from   |                                      |   |                              |                               |
| Texas Office of the Governor  |                                      |   |                              |                               |
| Homeland Security Grants Division                                     |                                      |   |                              |                               |
| Homeland Security Grant Program                                       | 97.067                               | EMW-2022-SS-00021,<br>EMW-2023-SS-025,<br>2023-SH-ST-0000 | -                            | 114,167                       |
| <b>Total Department of Homeland Security</b>                          |                                      |   | <u>-</u>                     | <u><b>114,167</b></u>         |
| <b>Total Federal Awards Expended</b>                                  |                                      |   | <u><b>\$ 586,864</b></u>     | <u><b>\$ 27,511,692</b></u>   |

*The accompanying notes are an integral part of this Schedule.*

**City of Mesquite, Texas**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2024**

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**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Mesquite, Texas (City) under programs of the federal government for the year ended September 30, 2024. 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). 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/fund balance, or cash flows of the City.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3: Indirect Cost Rate**

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

**Note 4: Federal Loan Programs**

The City had no federal loan programs during the year ended September 30, 2024.

## **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***

### **Independent Auditor's Report**

The Honorable Mayor, City Council, and City Manager  
City of Mesquite, Texas  
Mesquite, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mesquite, Texas (City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2025, which contained an emphasis of matter paragraph regarding a change in reporting entity.

#### ***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. 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 or significant deficiencies may exist that were not identified.

***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*.

***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.

**Forvis Mazars, LLP**

**Dallas, Texas  
June 30, 2025**

## **Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

### **Independent Auditor's Report**

The Honorable Mayor, City Council and City Manager  
City of Mesquite, Texas  
Mesquite, Texas

#### ***Report on Compliance for Each Major Federal Program***

##### ***Opinion on Each Major Federal Program***

We have audited the City's 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 each of the City's major federal programs for the year ended September 30, 2024. The City's major federal programs are 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, 2024.

##### ***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.

### ***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.

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, each major fund and the aggregate remaining fund information of the City of Mesquite, Texas (City), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements. We have issued our report thereon dated June 30, 2025, which contained unmodified opinions on those financial statements and an emphasis of matter paragraph regarding a change in reporting entity. 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.

**Forvis Mazars, LLP**

**Dallas, Texas  
June 30, 2025**

**City of Mesquite, Texas**  
**Schedule of Findings and Questioned Costs**  
**Year Ended September 30, 2024**

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**Section I – Summary of Auditor’s Results**

***Financial Statements***

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified  Qualified  Adverse  Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to the financial statements noted?  
 Yes  No

***Federal Awards***

3. Internal control over major federal awards programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None Reported

4. Type of auditor’s report issued on compliance for major federal award programs:

Unmodified  Qualified  Adverse  Disclaimer

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

Yes  No

6. Identification of major federal programs:

| <b>Assistance<br/>Listing Number</b> | <b>Name of Federal Program or Cluster</b>                         |
|--------------------------------------|---|
|                                      | <i>CDBG - Entitlement Grants Cluster</i>                          |
| 14.218                               | Community Development Block Grants/Entitlement Grants             |
| 14.218                               | COVID-19 - Community Development Block Grants/ Entitlement Grants |
|                                      | <i>Housing Voucher Cluster</i>                                    |
| 14.871                               | Section 8 Housing Choice Vouchers                                 |
| 14.879                               | Mainstream Vouchers   |
| 21.027                               | COVID-19 - Coronavirus State and Local Fiscal Recovery Funds      |

7. Dollar threshold used to distinguish between Type A and Type B programs: \$825,351.

8. Auditee qualified as a low-risk auditee?  Yes  No

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**Section II – Financial Statement Findings**

**Reference Number            Finding**

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No matters are reportable.

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**Section III – Federal Award Findings and Questioned Costs**

| <b>Reference Number</b> | <b>Finding</b> |
|-------------------------|----------------|
|-------------------------|----------------|

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No matters are reportable.

**City of Mesquite, Texas**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended September 30, 2024**

| Reference Number | Finding  | Status    |
|------------------|--|-----------|
| 2023-001         | <p style="text-align: center;">Program: CDBG – Entitlement Grants Cluster<br/>           Assistance Listing Number: 14.218<br/>           Compliance Requirement: Reporting<br/>           Federal Agency: Department of Housing and Urban Development</p> <p>Criteria or Specific Requirement – Under the requirements of the <i>Federal Funding Accountability and Transparency Act</i> (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, hereafter referred to as the “Transparency Act” that are codified in 2 CFR Part 170, recipients (<i>i.e.</i>, direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). In addition, CDBG Reporting requirements are established under 24 CFR Part 570.</p> <p>Condition – The City did not report the subaward information for the fiscal year ended September 30, 2023. In addition, the City had material errors reported on the annual CDBG Financial Summary Report (PR26) and one PR29 – CDBG Cash on Hand Quarterly Report.</p> <p>Questioned Costs – None</p> <p>Context – The City’s only subaward more than \$30,000 was selected for testing under the program. The City did not report the subaward information. In addition, 2 of the other 5 reports selected for testing had material errors on amounts reported. The sample was not intended to be, and was not, a statistically valid sample.</p> <p>Effect – The City did not report the subaward information as required by the Uniform Guidance. In addition, required reports for federal awards had material errors.</p> <p>Cause – The City did not have adequate controls or procedures in place to identify the applicable reporting requirements and ensure the required reports for federal awards include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with the Uniform Guidance.</p> | Resolved. |

**City of Mesquite, Texas  
 Summary Schedule of Prior Audit Findings  
 Year Ended September 30, 2024**

**(Continued)**

| Reference Number | Finding   | Status    |
|------------------|---|-----------|
| 2023-002         | <p style="text-align: center;">Program: COVID-19 – Provider Relief Fund<br/>           Assistance Listing Number: 93.498</p> <p style="text-align: center;">Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs and Reporting<br/>           Federal Agency: Department of Health and Human Services</p> <p>Criteria or Specific Requirement – Activities Allowed/Unallowed and Cost Principles (Pub. L. No. 116-136, 134 Stat. 563 and Pub. L. No. 116-139, 134 Stat. 622 and 623) and Reporting (45 CFR 75.342). Federal awards are only to be expended for allowable activities. In addition, the City is required to prepare and submit the period five provider relief fund report to the U.S. Department of Health and Human Services. This report is to be prepared using accurate financial information and submitted by the deadline established.</p> <p>Condition – The City reported COVID-19-related expenditures, including supplies, within the HHS Provider Relief Fund (PRF) portal that did not have sufficient supporting documentation showing expenditures were related to the prevention, preparation or response to COVID-19. In addition, the City reported fringe benefit amounts based on budgeted allocations and not actual expenditures.</p> <p>Questioned Costs – \$163,700. Questioned costs were determined by the amount of allocated supplies and fringe benefit costs included within the federal awards expended.</p> <p>Context – Management made certain estimates related to allowable program costs that did not have adequate underlying supporting documentation to determine proper allocation of claimed program expenditures.</p> <p>Effect – The City submitted expenses under the PRF program based on allocations and not actual expenditures. As a result, the City did not have support that they were reasonably related to the prevention, preparation or response to COVID-19.</p> <p>Cause – Internal controls were not in place to ensure federal awards were expended only for allowable activities.</p> | Resolved. |

**City of Mesquite, Texas  
 Summary Schedule of Prior Audit Findings  
 Year Ended September 30, 2024**

**(Continued)**

| Reference<br>Number | Finding  | Status    |
|---------------------|--|-----------|
| 2023-003            | <p>Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds<br/>           Assistance Listing Number: 21.027<br/>           Compliance Requirement: Procurement and Suspension and Debarment<br/>           Federal Agency: Department of the Treasury</p> <p>Criteria or Specific Requirement – When a non-federal entity enters into a covered transaction with a vendor, the non-federal entity must verify that the vendor, as defined in 2 CFR Section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.</p> <p>Condition – The City did not verify that a vendor was not suspended, debarred, or otherwise excluded from a covered transaction.</p> <p>Questioned Costs – None</p> <p>Context – The City did not verify that a vendor was not suspended, debarred, or otherwise excluded for one of the two covered transactions selected for testing. The sample was not intended to be, and was not, a statistically valid sample.</p> <p>Effect – The City did not verify that a vendor was not suspended, debarred, or otherwise excluded for a covered transaction as required.</p> <p>Cause – Internal controls over procurement were not in place to ensure the City verifies that vendors were not suspended, debarred, or otherwise excluded for a covered transaction.</p> | Resolved. |