

City of Texarkana, Texas

Single Audit Reports

September 30, 2019

City of Texarkana, Texas
September 30, 2019

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City of Texarkana, Texas
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>Department of Agriculture</u>				
Direct Program:				
Farmers' Market and Local Food Promotion Program	10.168	N/A	\$ -	\$ 39,297
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A	-	400,373
Total Department of Agriculture			-	439,670
<u>Department of Housing and Urban Development</u>				
Direct Programs:				
<i>CDBG - Entitlement Grants Cluster</i>				
Community Development Block Grants/Entitlement Grants	14.218	N/A	8,698	325,609
<i>Total CDBG - Entitlement Grants Cluster</i>			8,698	325,609
Continuum of Care Program	14.267	N/A	265,002	272,950
Passed through from Texas Department of Housing and Community Affairs:				
Emergency Solutions Grant Program	14.231	E-17-DC-48-0001	-	32,467
		E-18-DC-48-0001	-	11,354
			-	43,821
Total Department of Housing and Urban Development			273,700	642,380
<u>Department of Justice</u>				
Direct Program:				
Bulletproof Vest Partnership Program	16.607	N/A	-	5,538
Passed through from:				
Texas Office of the Governor Criminal Justice Division:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0520	-	20,668
		2018-DJ-BX-0338	-	20,963
			-	41,631
Total Department of Justice			-	47,169
<u>Department of Transportation</u>				
Direct Program:				
<i>Highway Safety Cluster</i>				
National Priority Safety Programs	20.616	N/A	-	6,034
<i>Total Highway Safety Cluster</i>			-	6,034
<i>Highway Planning and Construction Cluster</i>				
Passed through from:				
Texas Department of Transportation				
Highway Planning and Construction	20.205	50-19XF0017	-	292,375
Passed through from:				
Texas Parks and Wildlife Department				
Recreational Trails Program	20.219	513963	-	63,921
<i>Total Highway Planning and Construction Cluster</i>			-	356,296

The accompanying notes are an integral part of this Schedule.

City of Texarkana, Texas
Schedule of Expenditures of Federal Awards (Continued)
September 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>Department of Transportation (Continued)</u>				
Passed through from:				
Arkansas Department of Transportation				
Metropolitan Transportation Planning and State and				
Non-Metropolitan Planning and Research				
	20.505	AR-2016-013-00	\$ -	\$ 33,327
		AR-2017-011-00	-	47,469
		AR-2018-007-00	-	35,048
			<u>-</u>	<u>115,844</u>
			<u>-</u>	<u>478,174</u>
Total Department of Transportation				
<u>National Endowment for the Arts</u>				
Direct Program:				
Promotion of the Arts Grants to Organizations and Individuals				
	45.024	N/A	-	6,213
			<u>-</u>	<u>6,213</u>
Total National Endowment for the Arts				
<u>Environmental Protection Agency</u>				
Direct Program:				
Brownfields Assessment and Cleanup Cooperative				
Agreements				
	66.818	N/A	-	42,379
			<u>-</u>	<u>42,379</u>
Total Environmental Protection Agency				
<u>Department of Health and Human Services</u>				
Direct Programs:				
Immunization Cooperative Agreements				
	93.268	N/A	-	72,543
Preventive Health and Health Services Block Grant				
	93.991	N/A	-	60,012
			<u>-</u>	<u>132,555</u>
Total Department of Health and Human Services				
<u>Department of Homeland Security</u>				
Passed through from:				
Texas Office of the Governor				
Homeland Security Division:				
Homeland Security Grant Program				
	97.067	3634801	-	19,099
Passed through from:				
Texas Department of Public Safety				
Texas Division of Emergency Management:				
Emergency Management Performance Grants				
	97.042	EMT-2019-EP-00005	-	32,158
			<u>-</u>	<u>51,257</u>
Total Department of Homeland Security				
Total Federal Awards Expended			<u>\$ 273,700</u>	<u>\$ 1,839,797</u>

City of Texarkana, Texas
Notes to the Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Texarkana, Texas (City) under programs of the federal government for the year ended September 30, 2019.

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 or cash flows of the City.

2. Expenditures reported on the Schedule are reported on the 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. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The federal loan programs listed subsequently are administered directly by the City, and balances and transactions relating to these programs are included in the City's basic financial statements. Loans outstanding at the beginning of the year are not included in the federal expenditures presented in the Schedule, since there are no continuing compliance requirements other than required loan payments. New loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at September 30, 2019, consists of:

CFDA Number	Program Name	Outstanding Balance at September 30, 2019
	Community Development Block	
14.218	Grants/Entitlement Grants	\$ 268,282
14.239	HOME Investment Partnerships Program	288,805
66.818	Brownfields Assessment and Cleanup Cooperative	35,535
		<u>\$ 592,622</u>

**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

Honorable Mayor and
Members of City Council
City of Texarkana, Texas
Texarkana, Texas

We have audited, 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, 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 Texarkana, Texas (City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 18, 2020, which contained a reference to the reports of other auditors.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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.

Honorable Mayor and
Members of City Council
City of Texarkana, Texas
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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 of 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.

BKD, LLP

Dallas, Texas
May 18, 2020

**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

Honorable Mayor and
Members of City Council
City of Texarkana, Texas
Texarkana, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Texarkana, Texas' (City) compliance with the types of compliance requirements described 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, 2019. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms 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 City's 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 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 of the major federal programs. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal 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 programs for the year ended September 30, 2019.

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 program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 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 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.

Honorable Mayor and
Members of City Council
City of Texarkana, Texas
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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 City of Texarkana, Texas, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated May 18, 2020, which contained unmodified opinions on those financial statements and a reference to the reports of other auditors. Our audit was conducted for the purpose of forming an opinion 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.

BKD, LLP

Dallas, Texas
May 18, 2020

City of Texarkana, Texas

Schedule of Findings and Questioned Costs

Year Ended September 30, 2019

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

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

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal award programs disclosed:

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

5. The opinion expressed in the independent auditor's report on compliance for major federal award programs was:

Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

Yes No

City of Texarkana, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2019

7. The City's major federal programs were:

Cluster/Program	CFDA Number(s)
<i>CDBG - Entitlement Grants Cluster</i>	
Community Development Block Grants/Entitlement Grants	14.218
<i>Highway Planning and Construction Cluster</i>	
Highway Planning and Construction	20.205
Recreational Trails Program	20.219
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The City qualified as a low-risk auditee?

Yes No

City of Texarkana, Texas
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2019

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

City of Texarkana, Texas
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2019

Reference Number	Summary of Finding	Status
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No matters are reportable.