

CITY OF CORSICANA, TEXAS

SINGLE AUDIT REPORTING PACKAGE

For the Fiscal Year Ended September 30, 2018



YELDELL, WILSON, WOOD & REEVE, P.C

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Corsicana, Texas

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of the City of Corsicana, Texas for the year ended September 30, 2018, and the related notes to the schedule of expenditures of federal awards.

Management Responsibility

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Honorable Mayor and City Council
City of Corsicana, Texas
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Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of the City of Corsicana, Texas for the year ended September 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

Yeldell, Wilson, Wood & Reeve, P.C.
Certified Public Accountants

Ennis, TX
May 28, 2019

CITY OF CORSICANA, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2018

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Number	Federal Disbursements/ Expenditures
U.S. Department of Housing and Urban Development:			
Pass-through Texas General Land Office:			
Community Development Block Grants/Entitlement Grants	14.218	GLO	\$ 67,000
Pass-through Texas Department of Agriculture:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	TDA	<u>405,902</u>
Total U.S. Department of Housing and Urban Development			472,902
U.S. Department of Homeland Security:			
Pass-through Texas Division of Emergency Management:			
Disaster Grants - Public Assistance	97.036	TDEM	8,542
Hazard Mitigation Grant	97.039	TDEM	<u>256,146</u>
Total U.S. Department of Homeland Security			264,688
U.S. Department of Transportation:			
Pass-through Texas Department of Transportation:			
Airport Improvement Program	20.106	TXDOT	<u>10,448</u>
Total U.S. Department of Transportation			10,448
U.S. Department of Health and Human Services:			
Pass-through Texas Health and Human Services Commission:			
Medical Assistance Program	93.778	THHSC	<u>187,201</u>
Total U.S. Department of Health and Human Services			<u>187,201</u>
Total expenditures of federal awards			<u>\$ 935,239</u>

CITY OF CORSICANA, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Corsicana, Texas under programs of the federal government for the year ended September 30, 2018. 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 City of Corsicana, Texas, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Corsicana, Texas.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE 3 - INDIRECT COST RATE

City of Corsicana, Texas has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF CORSICANA, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2018

There are no prior audit findings.



YELDELL, WILSON, WOOD & REEVE, P.C

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA

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 Corsicana, 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, each major fund, and the aggregate remaining fund information of the City of Corsicana, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Corsicana, Texas' basic financial statements, and have issued our report thereon dated March 29, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Corsicana, Texas' 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 of Corsicana, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Corsicana, 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.

Mayor and City Council
City of Corsicana, Texas
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Corsicana, 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 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 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.

Yeldell, Wilson, Wood & Reeve, P.C.
Certified Public Accountant

Ennis, Texas
May 28, 2019



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Mayor and City Council
City of Corsicana, Texas
Corsicana, Texas

Report on Compliance for Each Major Federal Program

We have audited City of Corsicana, Texas's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of City of Corsicana, Texas's major federal programs for the year ended September 30, 2018. City of Corsicana, Texas'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 City of Corsicana, Texas'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 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 City of Corsicana, Texas'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 major federal program. However, our audit does not provide a legal determination of City of Corsicana, Texas's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Corsicana, 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, 2018.

Report on Internal Control Over Compliance

Management of City of Corsicana, 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 City of Corsicana, Texas'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 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 City of Corsicana, Texas'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.

Yeldell, Wilson, Wood & Reeve, P.C.
Certified Public Accountant

Ennis, Texas
May 28, 2019

CITY OF CORSICANA, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2018

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of City of Corsicana, Texas were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of City of Corsicana, Texas, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for City of Corsicana, Texas expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as a major program were:
 - 14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. City of Corsicana, Texas did not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS AUDIT

None



May 28, 2019

Yeldell, Wilson, Wood & Reeve, P.C.
P.O. Box 1087
Ennis, TX 75120

In connection with your audit of the financial statements of City of Corsicana, Texas as of September 30, 2018 and for the year for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Corsicana, Texas and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles, you were previously provided with a representation letter dated March 29, 2019. No information has come to our attention that would cause us to believe that any of those previous representations should be modified.

No events have occurred subsequent to March 29, 2019 and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed: Cathy McQuellan
Title: Acting Financial Director

Signed: Connie Star
Title: City Manager