

City of Seagoville, Texas
Federal Single Audit Report
September 30, 2021

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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 Audit Standards

The Honorable Mayor and Members of the City Council
City of Seagoville, 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 unit, each major fund, and the aggregate remaining fund information of the City of Seagoville (the City) , as of and for the year ended September 30, 2021, and the related notes to the financial statement, which collectively comprise the City’s basis financial statements, and have issued our report thereon dated August 29, 2022. We have not performed any procedures with respect to the audited financial statements subsequent to August 29, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, 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 on 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, misstatement 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.

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 the City’s 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 from material misstatement, we performed test of its compliance with certain provision 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.

Fox, Byrd + Company, P.C.

Dallas, Texas

August 29, 2022

**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 in Accordance with Uniform Guidance**

The Honorable Mayor and Members of the City Council
City of Seagoville, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Seagoville (the City)’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 the City’s major federal programs for the year ended September 30, 2021. 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 State; and the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principle, 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 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 major federal program. 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, 2021.

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 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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002, that we consider to be significant deficiencies.

The City's responses to the internal control compliance findings identified in our audit is described in the accompanying schedule of finding and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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 unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basis financial statements. We issued our report thereon dated August 29, 2022, 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 basis 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 audit 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 basis 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.

Tox, Byrd + Company, P.C.

Dallas, Texas
August 29, 2022

City of Seagoville, Texas
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2021

I. Summary of the Auditor's Results

Financial Statements:

- a. An unmodified opinion was issued on the financial statements
- b. Internal Control over financial reporting:
- | | | |
|--------------------------------------------------------------------------------------|-----------|-------------------|
| Material weakness(es) identified ? | _____ Yes | _____ <u>X</u> No |
| Significant deficiency(ies) identified that are not considered a material weakness ? | _____ Yes | _____ <u>X</u> No |
- c. Noncompliance material to financial statements noted ?
- | | | |
|--|-----------|-------------------|
| | _____ Yes | _____ <u>X</u> No |
|--|-----------|-------------------|

Federal Awards:

- d. Internal control over major programs:
- | | | |
|--------------------------------------------------------------------------------------|--------------------|-------------------|
| Material weakness(es) identified ? | _____ Yes | _____ <u>X</u> No |
| Significant deficiency(ies) identified that are not considered a material weakness ? | _____ <u>X</u> Yes | _____ No |
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.51 6(a) ?
- | | | |
|--|--------------------|----------|
| | _____ <u>X</u> Yes | _____ No |
|--|--------------------|----------|

g. Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Major Federal Programs: 21.019	Coronavirus Relief Fund

h. The dollar threshold used to distinguish between type A and type B programs: \$ 750,000 for federal programs

- i. Auditee qualified as a low-risk auditee ?
- | | | |
|--|-----------|-------------------|
| | _____ Yes | _____ <u>X</u> No |
|--|-----------|-------------------|

II. Finding Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards.

None

III. Findings and Questioned Costs for Federal Awards

Finding: 2021-001

Major Program(s): All

Federal Agency(ies) : All

Compliance Requirement: Auditee Responsibilities and Financial Statements

Type of Finding: Significant Deficiency

Criteria: 2 CFR section 200.508 requires the auditee (the City) to prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section 200.510. According to section 200.510 the schedule . . . must include the total Federal awards expended including listing Federal programs by Federal Agency . . . for Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity . . . Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number . . .

Condition: During the course of our audit, management was not initially able to provide the necessary information for all Federal awards.

Context/Cause: We determined that processes are not in place to document with a reliable degree of completeness all expenditures under Federal awards programs.

Effect or Potential Effect: The inability to provide a summary of all Federal awards including all necessary information required to draft the Schedule of Expenditures of Federal Awards created delays in the planning and performance of audit procedures required by governmental audit standards.

Questioned Cost(s): None

Repeat Finding: No

Recommendation: We recommend that management ensure a system is in place and operating effectively to produce the Schedule of Expenditures of Federal Awards including all required information within 30 days of the closing of the fiscal year

View of Responsible Officials: See corrective action plan on page 10

IV. Findings and Questioned Costs for Federal Awards (continued)

Finding: 2021-002

Major Program(s): Coronavirus Relief Fund

Federal Agency(ies) : Department of the Treasury

Compliance Requirement: Allowable Cost and Allowable Activities

Type of Finding: Significant Deficiency

Criteria: 2 CFR section 200.303 requires that non-federal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the non-federal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Condition: As a result of our audit, it was noted that one (1) out of 26 employees timecards tested that were charged to the Coronavirus Relief Fund grant did not have evidence of supervisory review.

Context/Cause: We determined that in this instance, the process for monitoring program costs did not operate effectively resulting in one employee having their time charged to the grant without proper review and approval.

Effect or Potential Effect: Failure to review and approve employee timecards at the appropriate level could result in unallowable activities and program costs.

Questioned Cost(s): None

Repeat Finding: No

Recommendation: We recommend that management follow their internal procedures and have supervisory review and approval documented.

View of Responsible Officials: See corrective action plan on page 10

City of Seagoville, Texas
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Grant I.D. Number	Program Award Amount	Grant Expenditures	Passed Through to Subrecipients
U.S. Department of Treasury Passed through Dallas County Coronavirus Relief Fund	21.019	N/A	\$ 695,000	\$ 695,000	\$ -
Federal Emergency Management Agency		Safer Grant	\$ 164,085	\$ 164,085	\$ -
Passed-through Teaxs Health & Human Services and Dallas Area Agency on Aging		Senior Center Program	\$ 279,948	\$ 279,948	\$ -
Total Federal Assistance			<u>\$ 1,139,033</u>	<u>\$ 1,139,033</u>	<u>\$ -</u>

City of Seagoville
Corrective Action Plan
Year Ended September 30, 2021

Finding: 2021-001

Major Program(s): All

Federal Agency(ies) : All

Compliance Requirement: Auditee Responsibilities and Financial Statements

Type of Finding: Significant Deficiency

Response: Most all of the grants received have been on a reimbursement basis thus far. The expenditures are presented before the grant is awarded. In the past, each director has been in charge of requesting documentation of expenditures from the Finance department.

We have implemented a process in which the following information will be requested before any documentation is received from Finance.

1. Name of Grant
2. CFDA Number
3. Grant ID Number
4. Award Amount
5. When it will be received
6. List of how it was spent or will be spent

Responsible Official: Gail French

Implementation Date: 7/22/22

Finding: 2021-002

Major Program(s): Coronavirus Relief Fund

Federal Agency(ies) : Department of the Treasury

Compliance Requirement: Allowable Cost and Allowable Activities

Type of Finding: Significant Deficiency

Response: The employee timecard mentioned is for a Director. The directors are all salaried. Their pay does not change weekly. All scheduled time off is approved by the City Manager and a signed copy of the Time Off Request is retained by the Human Resources department.

Responsible Official: Gail French

Implementation Date: 8/26/22