

CHAMBERS COUNTY, TEXAS

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

CHAMBERS COUNTY, TEXAS

SINGLE AUDIT REPORT

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DECEMBER 31, 2019

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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 AUDITING STANDARDS

To the Honorable County Judge
and Members of the Commissioners' Court
Chambers County, 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 Chambers County, Texas, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Chambers County, Texas' basic financial statements, and have issued our report thereon dated September 29, 2020.

Internal Control Over Financial Reporting

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

Patillo, Brown & Hill, L.L.P.

Waco, Texas
September 29, 2020

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH *UNIFORM GUIDANCE***

Honorable County Judge
and Members of the Commissioners' Court
Chambers County, Texas

Report on Compliance for Each Major Federal Program

We have audited Chambers County, Texas' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Chambers County, Texas' major federal programs for the year ended December 31, 2019. Chambers County, Texas' 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 Chambers County, Texas' 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 (CFR) 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 Chambers County, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Chambers County, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, Chambers County, 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 December 31, 2019.

Report on Internal Control Over Compliance

Management of Chambers County, 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 Chambers County's, Texas' 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 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 Chambers County, Texas' 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 were not identified.

Report on the 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 Chambers County, Texas as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Chambers County, Texas' basic financial statements. We issued our report thereon dated September 29, 2020, 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 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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
September 29, 2020

CHAMBERS COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures	Pass-Through Expenditures
FEDERAL AWARDS				
<u>U. S. DEPARTMENT OF AGRICULTURE</u>				
Passed through Texas Department of State Health Services: Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	2019-049798-001	\$ 127,325	\$ -
Total Passed through Texas Department of State Health Services			<u>127,325</u>	<u>-</u>
Total U. S. Department of Agriculture			<u>127,325</u>	<u>-</u>
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed through Texas General Land Office: Community Development Block Grant - Mayhaw Bayou	14.228	DRS210024	3,482,646	-
Community Development Block Grant - Disaster - Non-Housing	14.228	DRS010024	<u>2,158,654</u>	<u>-</u>
Total Passed through Texas General Land Office			<u>5,641,300</u>	<u>-</u>
Total U. S. Department of Housing and Urban Development			<u>5,641,300</u>	<u>-</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Passed through Bureau of Justice Assistance: State Criminal Alien Assistance Program	16.606	2018-AP-BX-0612	<u>4,031</u>	<u>-</u>
Total Passed through Bureau of Justice Assistance			<u>4,031</u>	<u>-</u>
Total U. S. Department of Justice			<u>4,031</u>	<u>-</u>
<u>U. S. DEPARTMENT OF TRANSPORTATION/FEDERAL AVIATION ADMINISTRATION</u>				
Passed through Texas Department of Transportation: Airport Improvement Program - Anahuac	20.106	M1920ANAH	10,811	
Airport Improvement Program - Anahuac	20.106	M2020ANAH	1,596	-
Airport Improvement Program - Winnie	20.106	M1820WINNI	<u>6,238</u>	<u>-</u>
Total Passed through Texas General Land Office			<u>18,645</u>	<u>-</u>
Total U. S. Department of Transportation/Federal Aviation Administration			<u>18,645</u>	<u>-</u>
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>				
Passed through Texas Department of Transportation STEP - Impaired Driving Mobilization (Highway Safety Cluster)	20.616	18X920405DTX19	<u>11,287</u>	<u>-</u>
Total Passed through Texas Department of Transportation			<u>11,287</u>	<u>-</u>
Total National Highway Traffic Safety Administration			<u>11,287</u>	<u>-</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>				
Passed through Texas State Library and Archives Commission ILL Lending Reimbursement Program	45.310	LS-00-16-0044-16	990	-
Total Passed through Texas State Library and Archives Commission			<u>990</u>	<u>-</u>
Total Institute of Museum and Library Services			<u>990</u>	<u>-</u>
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through Texas Department of State Health Services: Public Health Emergency Preparedness (PHEP) - CRI	93.069	537-18-0184-00001	900	-
Public Health Emergency Preparedness (PHEP) - CPS/Hazards	93.069	537-18-0166-00001	78,750	-
Public Health Emergency Preparedness (PHEP) - COAG/LHD	93.069	HHS000371500028	<u>289,223</u>	<u>-</u>
Total Passed through Texas Department of State Health Services			<u>368,873</u>	<u>-</u>
Passed through Brazos Valley Community Action Agency (BVCAA): Community Services Block Grant	93.569	n/a	<u>25,000</u>	<u>-</u>
Total Passed through BVCAA			<u>25,000</u>	<u>-</u>
Total U. S. Department of Health and Human Services			<u>393,873</u>	<u>-</u>

CHAMBERS COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Pass-Through Expenditures</u>
FEDERAL AWARDS (continued)				
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through Texas Department of Public Safety Texas Division of Emergency Management (TDEM)				
FEMA Public Assistance Grant, 4332, Texas Hurricane Harvey	97.036	4332DRTP0000001	910,655	-
Emergency Management Performance Grant	97.042	16TX-EMPG-0377	7,991	-
CCSO Marine Unit Enhancement Grant	97.056	EMW-2018-PU-00444-S01	<u>290,340</u>	<u>-</u>
Total Passed through Texas Department of Public Safety Texas Division of Emergency Management (TDEM)			<u>1,208,986</u>	<u>-</u>
Total U. S. Department of Homeland Security			<u>1,208,986</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 7,406,437</u>	<u>\$ -</u>

CHAMBERS COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2019

1. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Chambers County, Texas, and is presented on the accrual basis of accounting. The information in SEFA is presented in accordance with the requirements of *OMB Compliance Supplement*; 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). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. INDIRECT COST RATE

The County has elected not to use the 10% de minimis indirect cost rate allowed in the Uniform Guidance.

CHAMBERS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2019

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted?

None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs

Unmodified

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

None

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster:

14.228

Community Development Block Grant

97.036

FEMA Public Assistance Grant, 4332, Texas Hurricane Harvey

Dollar threshold used to distinguish between type A and type B federal programs

\$750,000

Auditee qualified as low-risk auditee for federal single audit?

Yes

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

None

Findings and Questioned Costs for Federal Awards

None

CHAMBERS COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2019

2018-001. CITATIONS

Criteria: Each Judicial Precinct is responsible for accounting and documenting citations issued and paid by offenders, collections are brought to the Treasurer's office for deposit.

Condition: Out of 25 transactions randomly requested for review, the County could not provide adequate support to document citations charged to offenders and support for when payments were received for 15.

Effect: Payments not recorded correctly could result in a loss of fines and fees paid to the State and to the County.

Cause: The Treasurer's office is not maintaining adequate records to support fines and fees collected.

Recommendation: The County should establish procedures to adequately document the citation process from when the fines are issued to when the payments are received and deposited.

Contact Person
Responsible for
Corrective Action: Tony Sims, County Auditor

Current Status: The matter has been resolved.