

SINGLE AUDIT REPORTS
HARDIN COUNTY, TEXAS

**For the Year Ended
September 30, 2019**

HARDIN COUNTY, TEXAS

SINGLE AUDIT REPORTS

September 30, 2019

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INDEPENDENT AUDITORS' 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

June 19, 2020

To the Honorable County Judge and
Members of the Commissioners' Court of
Hardin 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, each major fund, and the aggregate remaining fund information of Hardin County, Texas (the "County") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 19, 2020.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 19, 2020

To the Honorable County Judge and
Members of the Commissioners' Court of
Hardin County, Texas:

Report on Compliance for Each Major Federal Program

We have audited Hardin County's (the "County") 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 County's major federal programs for the year ended September 30, 2019. The County's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 the County'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 County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County 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 County 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 County'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 County'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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated June 19, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*B*ELT *H*ARRIS *P*ECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

HARDIN COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended September 30, 2019

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None

HARDIN COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of Hardin County, Texas.
2. Significant deficiencies or material weaknesses in internal control were not disclosed by the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed by the audit.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs for the County are reported.
7. The programs included as major programs are:

<u>CFDA</u>	<u>Program Name</u>
14.228	Community Development Block Grant

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The County did qualify as a low-risk auditee.

B. FINDINGS – BASIC FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS – FEDERAL AWARDS

None

HARDIN COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (page 1 of 2)
For the Year Ended September 30, 2019

Department/Pass-Through Agency/Program Name	Program/Grant/ Project Number	CFDA Number	Expenditures
US DEPARTMENT OF AGRICULTURE			
<i>Pass-through Department of State Health Services:</i>			
NNS-WIC Local Agency	2017-049808-001	10.557	\$ 240,015
Total US Department of Agriculture			240,015
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Pass-through Texas General Land Office:</i>			
Community Development Block Grant DRS010002	10-5004-000-4978	14.228	929,699
Community Development Block Grant DRS220002	13-130-000-7192	14.228	(3,002)
Subtotal			926,697
<i>Pass-through the Texas Department of Agriculture</i>			
Texas Community Development Block Grant	7215199	14.228	4,557
Total US Department of Housing and Urban Development			931,254
US DEPARTMENT OF JUSTICE			
<i>Pass-Through Office of the Governor, Criminal Justice Division:</i>			
Felony VAWA Prosecutor	2826905	16.588	52,985
Felony VAWA Prosecutor	2826906	16.588	8,136
Subtotal			61,121
Technology Upgrade	3654101	16.738	30,100
Victims Assistance Coordinator	3598401	16.575	46,196
Victims Assistance Center	1366019	16.575	206,844
Subtotal			253,040
Total US Department of Justice			344,261
US DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Pass-through State Department of Family and Protective Services:</i>			
Title IV-E Foster Care Program	24723114	93.658	4,698
Title IV-E Child Welfare	23938999	93.658	399
Subtotal			5,097
<i>Pass-through Texas Health and Human Services:</i>			
IMM/LOCALS Immunization Branch-Locals	HHS000119700007	93.268	128,458
CPS/Hazards (PHEP) - Year 18-19	537-18-0175-00001	93.069	217,070
RLSS/LPHS RLSS/Local Public Health System-PnP	537-18-0221-00001	93.758	30,231
RLSS/LPHS RLSS/Local Public Health System-PnP	HHS000485600017	93.758	1,973
Subtotal			32,204
Hardin County Self-Assessment	G-SP-1709-05158	93.103	153
Hardin County Program Standards Training	G-T-1709-05215	93.103	787
Hardin County Beginning Standards	G-SP-1810-06232	93.103	1,859
Hardin County Program Standards Training	G-T-1810-06250	93.103	2,968
Subtotal			5,767
Total US Department of Health and Human Services			388,596

HARDIN COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (page 2 of 2)

For the Year Ended September 30, 2019

Department/Pass-Through Agency/Program Name	Program/Grant/ Project Number	CFDA Number	Expenditures
US DEPARTMENT OF HOMELAND SECURITY			
<i>Pass-Through State Department of Public Safety Division of Emergency Management:</i>			
Disaster Grants - Public Assistance	FEMA-4332-DR-TX	97.036	\$ 1,625,155
Emergency Management Performance Grants	EMT-2019-EP00005	97.042	32,827
<i>Pass-Through Texas Water Development Board</i>			
Flood Mitigation Assistance Program	1700012367	97.029	22,800
Total US Department of Homeland Security			1,680,782
NATIONAL ENDOWMENT FOR THE HUMANITIES			
<i>Pass-through Division of Preservation and Access:</i>			
Preservation of Historic Hardin County, Texas, Court Records	PG-258351-18	45.149	44
Total National Endowment for the Humanities			44
Total Federal Expenditures			\$ 3,584,952

HARDIN COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2019

NOTE 1: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Hardin County, Texas, and is presented on the accrual basis of accounting. The information in the 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

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