

**DENTON COUNTY, TEXAS**  
**SINGLE AUDIT REPORT**  
**SEPTEMBER 30, 2020**



**DENTON COUNTY, TEXAS**

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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**

Honorable County Judge and  
Commissioners' Court  
Denton County, 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, each major fund, and the aggregate remaining fund information of Denton County, Texas as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Denton County, Texas' basic financial statements, and have issued our report thereon dated December 28, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Denton County, Texas' internal control over financial reporting (internal control) as a basis for designing 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 Denton County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Denton 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 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.

**OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Denton 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 financial statements. 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.

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

Waco, Texas  
December 28, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM  
GUIDANCE AND THE STATE OF TEXAS *UNIFORM  
GRANT MANAGEMENT STANDARDS***

Honorable County Judge and  
Commissioners’ Court  
Denton County, Texas

**Report on Compliance for Each Major Federal and State Program**

We have audited Denton County, Texas’ compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB*) *Compliance Supplement* and the State of Texas *Uniform Grants Management Standards* that could have a direct and material effect on each of Denton County, Texas’ major federal and state programs for the year ended September 30, 2020. Denton County, Texas’ major federal and state 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 and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of Denton County, Texas’ major federal and state 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); and the State of Texas *Uniform Grant Management Standards* (“UGMS”). Those standards, the Uniform Guidance, and UGMS 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 or state program occurred. An audit includes examining, on a test basis, evidence about Denton 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 and state program. However, our audit does not provide a legal determination of Denton County, Texas’ compliance.

**OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque

## **Opinion on Each Major Federal and State Program**

In our opinion, Denton 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 and state programs for the year ended September 30, 2020.

## **Report on Internal Control over Compliance**

Management of Denton 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 Denton County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, 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 Denton 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 or state 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 or state 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 or state 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 weakness. However, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

## **County's Response to Findings**

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



**Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas *Uniform Grant Management Standards***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Denton County, Texas as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Denton County, Texas' basic financial statements. We issued our report thereon dated December 28, 2021, 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 and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the *State of Texas Uniform Grant Management Standards* 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 and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**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 and UGMS. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas  
December 28, 2021

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**DENTON COUNTY, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
<b>FEDERAL AWARDS</b>				
<b><u>U. S. Department of Agriculture</u></b>				
Passed through Texas Health and Human Services Commission:				
2020 Special Supplemental Food Program for Women, Infants and Children (WIC)	10.557	2017-049802-001	\$ 1,539,284	\$ -
<i>Total Texas Health and Human Services Commission</i>			<u>1,539,284</u>	<u>-</u>
<b>Total U. S. Department of Agriculture</b>			<u>1,539,284</u>	<u>-</u>
<b><u>U. S. Department of Justice</u></b>				
Direct Programs:				
OJP Veterans Drug Court Program	16.585		19,930	-
State Criminal Alien Assistance Grant	16.606		581,567	-
Equitable Sharing Program (Justice Funds)	16.922		<u>143,174</u>	<u>-</u>
<i>Total Direct Programs</i>			<u>744,671</u>	<u>-</u>
<b>Total U. S. Department of Justice</b>			<u>744,671</u>	<u>-</u>
<b><u>U. S. Department of Treasury</u></b>				
Direct Programs:				
Equitable Sharing Program (Treasury Funds)	21.016		143,174	-
COVID-19 - Coronavirus Relief Fund	21.019		<u>109,527,294</u>	<u>47,096,823</u>
<i>Total Direct Programs</i>			<u>109,670,468</u>	<u>47,096,823</u>
<b>Total U. S. Department of Treasury</b>			<u>109,670,468</u>	<u>47,096,823</u>
<b><u>U. S. Department of Health and Human Services</u></b>				
Passed through Texas Department of State Health Services:				
COVID-19 - Public Health Emergency Preparedness	93.069	HHS000770000001	648,518	-
Hospital Preparedness Program	93.074	537-18-0130-00001	455,580	-
Medical Assistance Program	93.074	537-18-0143-00001	<u>127,572</u>	<u>-</u>
<i>Subtotal CFDA 93.074</i>			583,152	-
Federal TB Prevention Grant	93.116	2019-001387-00	71,689	-
2021 Immunization Program Grant	93.268	HHSTX-0-000202702	25,928	-
2020 Immunization Program Grant	93.268	2020-000006-01	<u>280,147</u>	<u>-</u>
<i>Subtotal CFDA 93.268</i>			306,075	-
2020 HIV Prevention Services	93.917	HHS000077800037	<u>83,110</u>	<u>-</u>
<i>Total Texas Department of State Health Services</i>			<u>1,692,544</u>	<u>-</u>

**DENTON COUNTY, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
<b>FEDERAL AWARDS (Continued)</b>				
<b><u>U. S. Department of Health and Human Services (Continued)</u></b>				
Passed through Texas Juvenile Probation Commission:				
Substance Abuse & Mental Health Services Administration	93.243	1H79TI081067-01	\$ 61,052	\$ -
<i>Total Texas Juvenile Probation Commission</i>			<u>61,052</u>	<u>-</u>
Passed through Texas Department of Family and Protective Services:				
2020 CPS IV-E County Legal Services Grant	93.658	23940189	182,856	-
<i>Total Texas Department of Family and Protective Services</i>			<u>182,856</u>	<u>-</u>
<b>Total U. S. Department of Health and Human Services</b>			<u>1,936,452</u>	<u>-</u>
<b><u>U.S. Department of Homeland Security</u></b>				
Passed through Texas Office of the Governor:				
State Homeland Security Program	97.067	EMW-2019-SS-00034-S01	61,092	-
<i>Total Texas Office of the Governor</i>			<u>61,092</u>	<u>-</u>
<b>Total U. S. Department of Homeland Security</b>			<u>61,092</u>	<u>-</u>
<b>Total Federal Awards</b>			\$ <u>113,951,967</u>	\$ <u>47,096,823</u>

**DENTON COUNTY, TEXAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

State Grantor/Program Title	Grant Number	Expenditures	Pass-through Expenditures
<b>STATE AWARDS</b>			
<b><u>Texas Department of State Health Services</u></b>			
2021 Primary Health Care Grant	HHS000232900001	\$ 18,983	\$ -
2020 Primary Health Care Grant	HHS000232900001	103,502	-
2021 Tuberculosis Services Grant	537-18-0033-00001	12,702	-
2020 Tuberculosis Services Grant	537-18-0033-00001	83,377	-
2021 OPHP Local Public Health System Grant	537-18-0213-00001	5,474	-
2020 OPHP Local Public Health System Grant	537-18-0213-00001	43,843	-
2021 Infectious Disease Control Foodborne Grant	HHS000436300029	11,917	-
2020 Infectious Disease Control Foodborne Grant	HHS000436300029	136,945	-
2021 Hansen's Disease Grant	537-17-0245-00001	30,806	-
2020 Hansen's Disease Grant	537-17-0245-00001	63,992	-
2021 Family Planning Grant	529-16-0102-00052	17,353	-
2020 Family Planning Grant	529-16-0102-00052	<u>53,904</u>	<u>-</u>
<b>Total Texas Department of State Health Services</b>		<u>582,798</u>	<u>-</u>
<b><u>Texas Department of Transportation</u></b>			
Regional Toll Revenue Funding Grant - SH121	0918-00-265	<u>581,568</u>	<u>-</u>
<b>Total Texas Department of Transportation</b>		<u>581,568</u>	<u>-</u>
<b><u>Texas Office of the Attorney General</u></b>			
Victim Notification Grant	1876853	30,170	-
Chapter 59 Asset Forfeiture - District Attorney Office	N/A	47,574	-
Chapter 59 Asset Forfeiture - Sheriff's Office	N/A	<u>48,368</u>	<u>-</u>
<b>Total Texas Office of the Attorney General</b>		<u>126,112</u>	<u>-</u>
<b><u>Texas Indigent Defense Commission</u></b>			
Indigent Defense Formula Grant	212-17-061	<u>522,984</u>	<u>-</u>
<b>Total Texas Indigent Defense Commission</b>		<u>522,984</u>	<u>-</u>
<b><u>Office of the Governor, Criminal Justice Division</u></b>			
2020 Veteran's Court Program Grant	2827006	<u>143,407</u>	<u>-</u>
<b>Total Office of the Governor, Criminal Justice Division</b>		<u>143,407</u>	<u>-</u>
<b>Total State Awards</b>		<u>1,956,869</u>	<u>-</u>
<b>Total Expenditures of Federal and State Awards</b>		<u>\$ 115,908,836</u>	<u>\$ 47,096,823</u>

**DENTON COUNTY, TEXAS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2020

**1. GENERAL**

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and state financial assistance programs of Denton County, Texas, for the year ended September 30, 2020. The County's reporting entity is defined in Note I to the County's financial statements. The Schedule of Expenditures of Federal and State Awards includes all Federal and State awards expended by the County, regardless of whether the award was received directly from the Federal or State agency or passed through another agency.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting, which is described in Note I to the County's financial statements.

**3. INDIRECT COSTS**

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

**4. RECONCILIATION OF CORONAVIRUS RELIEF FUND EXPENDITURES**

The following schedule reconciles the amount reported as expenditures under the Coronavirus Relief Fund to the related revenue reported by the CARES Act Government Relief Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Intergovernmental revenue reported in the CARES Act Government Relief Fund	\$	84,527,294
Intergovernmental revenue related to CRF reported in the General Fund awarded for eligible public safety salaries		<u>25,000,000</u>
Coronavirus Relief Fund Expenditures, per the Schedule of Expenditures of Federal and State Awards	\$	<u>109,527,294</u>

**DENTON COUNTY, TEXAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**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 and State Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	2020-001
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 Uniform Guidance or *the State of Texas  
Single Audit Circular*? None

Identification of major programs:

CFDA Number(s) Name of Federal or State Program or Cluster:

21.019 COVID-19 - Coronavirus Relief Fund

State Regional Toll Revenue (RTR)

Dollar threshold used to distinguish between type A  
and type B federal programs \$3,000,000

Dollar threshold used to distinguish between type A and type  
B state programs \$300,000

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

Auditee qualified as low-risk auditee for state single audit? Yes

**Findings Related 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 and State Awards**

2020-001

**DENTON COUNTY, TEXAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

***Findings and Questioned Costs for Federal and State Awards***

**Item 2020-001:**

**COVID-19 - Coronavirus Relief Fund, CFDA Number 21.019**

Compliance Requirement:

Subrecipient Monitoring

Criteria:

In accordance with 2 CFR § 200.303, internal control should be established and maintained to provide reasonable assurance that the entity complies with Federal regulations and the terms of grant awards. According to the COSO Model, effective internal control requires that control activities be designed and implemented so that potential noncompliance will be prevented, or detected and corrected, in a timely manner.

Cause:

The County's procedures and controls for post-award subrecipient monitoring were not fully implemented until a significant time period following the subawards, many of which were advance payments. While the procedures were performed in time to comply with the Fiscal Year 2020 Single Audit deadline extension, the timing of the procedures would not allow for timely compliance in future years.

Effect:

Advance payments to subrecipients were not monitored for compliance for an extended time period following the award. Noncompliance by subrecipients, particularly for allowability of costs and activities, could have not been detected timely.

Recommendation:

We recommend that the County increase the time devoted to implementing and performing its post-award subrecipient monitoring controls to ensure that the monitoring is performed timely.

Management's Response:

The County agrees with the recommendation and will seek additional staffing support and increased FTEs to allow for timely completion of subrecipient monitoring.



**DENTON COUNTY, TEXAS**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

None



# DENTON COUNTY

Auditor's Office  
401 W. Hickory St.  
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## CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2020

**Item 2020-001:**

**COVID-19 - Coronavirus Relief Fund, Assistance Listing Number 21.019**

Compliance Requirement:

Subrecipient Monitoring

Criteria:

In accordance with 2 CFR § 200.303, internal control should be established and maintained to provide reasonable assurance that the entity complies with Federal regulations and the terms of grant awards. According to the COSO Model, effective internal control requires that control activities be designed and implemented so that potential noncompliance will be prevented, or detected and corrected, in a timely manner.

Cause:

The County's procedures and controls for post-award subrecipient monitoring were not fully implemented until a significant time period following the subawards, many of which were advance payments. While the procedures were performed in time to comply with the Fiscal Year 2020 Single Audit deadline extension, the timing of the procedures would not allow for timely compliance in future years.

Effect:

Advance payments to subrecipients were not monitored for compliance for an extended time period following the award. Noncompliance by subrecipients, particularly for allowability of costs and activities, could have not been detected timely.

Recommendation:

We recommend that the County increase the time devoted to implementing and performing its post-award subrecipient monitoring controls to ensure that the monitoring is performed timely.

**PERSON RESPONSIBLE FOR CORRECTION ACTION:** Jeff May, County Auditor

**CORRECTIVE ACTION PLANNED:** The County is in the process of expanding staffing levels dedicated to oversight of the significant new funding related to COVID-19. The County will work to ensure that processes and controls are implemented to comply with monitoring requirements in a timely manner.