

DENTON COUNTY, TEXAS

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2021**

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, 2021, and the related notes to the financial statements, which collectively comprise Denton County, Texas' basic financial statements, and have issued our report thereon dated June 30, 2022.

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

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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.

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

Waco, Texas
June 30, 2022

**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, 2021. 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.

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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, 2021.

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. 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 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, 2021, and the related notes to the financial statements, which collectively comprise Denton County, Texas' basic financial statements. We issued our report thereon dated June 30, 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 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
June 30, 2022

DENTON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
FEDERAL AWARDS				
<u>U. S. Department of Agriculture</u>				
Passed through Texas Health and Human Services Commission:				
2020 Special Supplemental Food Program for Women, Infants and Children (WIC)	10.557	2017-049802-001	\$ 1,653,124	\$ -
<i>Total Texas Health and Human Services Commission</i>			<u>1,653,124</u>	<u>-</u>
Total U. S. Department of Agriculture			<u>1,653,124</u>	<u>-</u>
<u>U. S. Department of Justice</u>				
Direct Programs:				
OJP Veterans Court Program	16.585		12,588	-
DOJ Drug Court Program	16.585		49,933	-
<i>Subtotal 16.585</i>			<u>62,521</u>	<u>-</u>
Equitable Sharing Program (Justice Funds)	16.922		82,107	-
<i>Total Direct Programs</i>			<u>144,628</u>	<u>-</u>
Total U. S. Department of Justice			<u>144,628</u>	<u>-</u>
<u>U. S. Department of Treasury</u>				
Direct Programs:				
Equitable Sharing Program (Treasury Funds)	21.016		143,174	-
COVID-19 - Coronavirus Relief Fund	21.019		38,206,428	9,064,624
COVID-19 - Emergency Rental Assistance Program	21.023		11,817,559	11,725,852
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		7,264,493	4,277,459
<i>Total Direct Programs</i>			<u>57,431,654</u>	<u>25,067,935</u>
Total U. S. Department of Treasury			<u>57,431,654</u>	<u>25,067,935</u>
<u>U.S. Election Assistance Commission</u>				
Passed through Texas Secretary of State:				
COVID-19 - Help America Vote Act	90.404	TX-2101CARES-061	759,308	-
<i>Total Texas Secretary of State</i>			<u>759,308</u>	<u>-</u>
Total U.S. Election Assistance Commission			<u>759,308</u>	<u>-</u>
<u>U. S. Department of Health and Human Services</u>				
Passed through Texas Department of State Health Services:				
COVID-19 - Public Health Emergency Preparedness 2020	93.069	537-18-0130-00001	124,491	-
COVID-19 - Public Health Emergency Preparedness 2021	93.069	537-18-0130-00001	328,508	-
<i>Subtotal 93.268</i>			<u>452,999</u>	<u>-</u>
Cities Readiness Initiative Program	93.074	537-18-0143-00001	83,214	-
Federal TB Prevention Grant	93.116	2019-001387-00	69,821	-
COVID-19 - CPS	93.323	HHS000770000001	460,696	-
COVID-19 - CPS (EPI)	93.323	HHS0081270000017	167,248	-
<i>Subtotal 93.323</i>			<u>627,944</u>	<u>-</u>
2022 Immunization Program Grant	93.268	HHSTX-0-000202702	38,441	-
2021 Immunization Program Grant	93.268	2020-000006-01	248,814	-
<i>Subtotal 93.268</i>			<u>287,255</u>	<u>-</u>
2020 HIV Prevention Services	93.917	HHS0000778000037	158,851	-
<i>Total Texas Department of State Health Services</i>			<u>1,680,084</u>	<u>-</u>

DENTON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Pass-through Expenditures
FEDERAL AWARDS (Continued)				
<u>U. S. Department of Health and Human Services (Continued)</u>				
Passed through Texas Juvenile Probation Commission:				
Substance Abuse & Mental Health Services Administration	93.243	1H79TI081067-01	\$ 43,377	\$ -
<i>Total Texas Juvenile Probation Commission</i>			<u>43,377</u>	<u>-</u>
Passed through Texas Health and Human Services Commission:				
Medical Assistance Program - Medicaid Cluster	93.778	537-18-0143-00001	466,409	-
<i>Total Texas Health and Human Services Commission</i>			<u>466,409</u>	<u>-</u>
Passed through Texas Department of Family and Protective Services:				
2020 CPS IV-E County Legal Services Grant	93.658	23940189	259,973	-
<i>Total Texas Department of Family and Protective Services</i>			<u>259,973</u>	<u>-</u>
Total U. S. Department of Health and Human Services			<u>2,449,843</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed through Texas Office of the Governor:				
State Homeland Security Program	97.067	EMW-2021-SS-00062	120,370	-
State Homeland Security Program	97.067	EMW-2020-SS-00034	203,099	-
<i>Total Texas Office of the Governor</i>			<u>323,469</u>	<u>-</u>
Total U. S. Department of Homeland Security			<u>323,469</u>	<u>-</u>
Total Federal Awards			\$ <u>62,762,026</u>	\$ <u>25,067,935</u>

DENTON COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

State Grantor/Program Title	Grant Number	Expenditures	Pass-through Expenditures
STATE AWARDS			
<u>Texas Department of State Health Services</u>			
RLSS/LPHS	HHS001022500001	\$ 53,314	\$ -
2022 Tuberculosis Services Grant	HHS000486100001	9,330	-
2021 Tuberculosis Services Grant	HHS000486100001	85,761	-
2021 Hansen's Disease Grant	HHS000327600001	83,684	-
COVID-19 - Workforce Expansion Grant	HHS001075100001	<u>2,025</u>	<u>-</u>
Total Texas Department of State Health Services		<u>234,114</u>	<u>-</u>
<u>Texas Health and Human Services Commission</u>			
Expanded Primarily Health Care Grant	HHS000232900001	142,395	-
2021 Family Planning Grant	HHS000734600008	56,496	-
Infectious Disease Control Unit/Surveillance	HHS000436300029	<u>132,933</u>	<u>-</u>
Total Texas Health and Human Services Commission		<u>331,824</u>	<u>-</u>
<u>Texas Department of Transportation</u>			
Regional Toll Revenue Funding Grant - SH121	0918-00-265	<u>5,908,490</u>	<u>-</u>
Total Texas Department of Transportation		<u>5,908,490</u>	<u>-</u>
<u>Texas Office of the Attorney General</u>			
State Automated Victim Notification System (SAVNS) Grant	2110898	28,550	-
Chapter 59 Asset Forfeiture - District Attorney Office	N/A	<u>53,173</u>	<u>-</u>
<i>Total Texas Office of the Attorney General</i>		<u>81,723</u>	<u>-</u>
<u>Texas Secretary of State</u>			
COVID-19 - Help America Vote Act - Matching	TX-2101CARES-061	<u>151,862</u>	<u>-</u>
Total Texas Secretary of State		<u>151,862</u>	<u>-</u>
<u>Texas Supreme Court</u>			
Community Diversion Coordinator Pilot Program	201-21-338	<u>171,000</u>	<u>-</u>
Total Texas Supreme Court		<u>171,000</u>	<u>-</u>
<u>Texas Soil and Water Conservation Board</u>			
Soil and Water Conservation Grant	N/A	<u>5,295</u>	<u>-</u>
Total Texas Soil and Water Conservation Board		<u>5,295</u>	<u>-</u>
<u>Texas Indigent Defense Commission</u>			
Indigent Defense Formula Grant	212-17-061	<u>453,543</u>	<u>-</u>
Total Texas Indigent Defense Commission		<u>453,543</u>	<u>-</u>
<u>Office of the Governor, Criminal Justice Division</u>			
2020 Veteran's Court Program Grant	2827006	<u>112,893</u>	<u>-</u>
Total Office of the Governor, Criminal Justice Division		<u>112,893</u>	<u>-</u>
Total State Awards		<u>7,450,744</u>	<u>-</u>
Total Expenditures of Federal and State Awards		\$ <u>70,212,770</u>	\$ <u>25,067,935</u>

DENTON COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SEPTEMBER 30, 2021

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, 2021. 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.

DENTON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Summary of Auditors' Results

Financial Statements:

Type of auditors' 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?	None reported
Type of auditors' 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:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal or State Program or Cluster:</u>
21.019	COVID-19 - Coronavirus Relief Fund
21.023	COVID-19 - Emergency Rental Assistance Program
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Fund
State	Regional Toll Revenue (RTR)

Dollar threshold used to distinguish between type A and type B federal programs \$1,882,861

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? No

Auditee qualified as low-risk auditee for state single audit? No

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

None

DENTON COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Findings and Questioned Costs for Federal and State Awards

Item 2020-001

Federal Program: U.S. Department of Treasury
COVID-19 – Coronavirus Relief Fund
Assistance Listing Number: 21.019
Pass-through Numbers: N/A

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.

Current Status: Corrective action has been taken and this matter has been resolved.

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