

WALLER COUNTY, TEXAS
SINGLE AUDIT REPORTS AND SCHEDULES
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

WALLER COUNTY, TEXAS
Single Audit Reports and Schedules
Year Ended December 31, 2020
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RUTLEDGE CRAIN & COMPANY,PC

CERTIFIED PUBLIC ACCOUNTANTS

2401 Garden Park Court, Suite B
Arlington, Texas 76013

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*

To the Honorable Judge and County Commissioners Comprising the
Commissioner's Court of Waller County
Hempstead, 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 Waller County, Texas (the "County"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 13, 2021.

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 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.

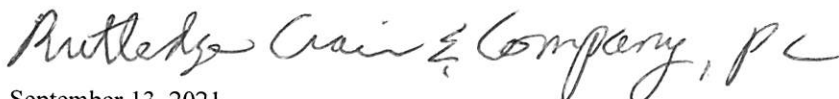
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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.



September 13, 2021

RUTLEDGE CRAIN & COMPANY,PC
CERTIFIED PUBLIC ACCOUNTANTS
2401 Garden Park Court, Suite B
Arlington, Texas 76013

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

To the Honorable Judge and County Commissioners Comprising the
Commissioner's Court of Waller County
Hempstead, Texas

Report on Compliance for Each Major Federal Program

We have audited Waller County, Texas' (the "County") compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. 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 December 31, 2020.

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

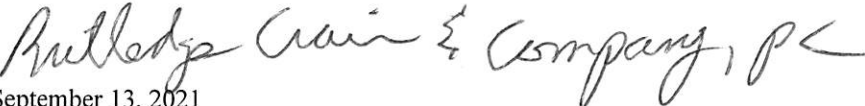
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 13, 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 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.


September 13, 2021

WALLER COUNTY, TEXAS
Schedule of Prior Audit Findings
December 31, 2020

Not applicable

WALLER COUNTY, Texas
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

I. Summary of Auditors' Results

The auditors' report expresses an unmodified opinion on the financial statements.

No reportable conditions were disclosed during the audit of the financial statements.

No instances of noncompliance material to the financial statements of Waller County, Texas were disclosed during the audit.

No reportable conditions in the internal control over major federal award programs were disclosed during the audit.

The auditors' report on compliance for the major federal award programs for Waller County, Texas expresses an unmodified opinion on all major programs.

Audit findings are reported in accordance with the General Guidance.

The programs tested as major programs included:

COVID-19 Coronavirus Relief Fund (CRF) CFDA 21.019

The threshold used to distinguish between Type A and Type B federal programs was \$750,000.

The County was not qualified as a low-risk auditee.

The County did not elect to use the 10% de minimis indirect cost rate

Grant subrecipient – None

II. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards.

No findings to be reported.

III. Findings and Questioned Costs for Federal Awards

No findings to be reported.

Prior Year Financial Statement, Federal Award Findings and Questioned Costs

N/A

Corrective Action Plan

N/A

WALLER COUNTY, TEXAS
Corrective Action Plan
December 31, 2020

Not applicable

WALLER COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
December 31, 2020

Federal Grant /Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Current Period Expenditures
Indirect Grants				
<u>U. S. Department of Housing and Urban Development</u>				
<i>Passed Through Texas General Land Office</i>				
Community Development Block Grant (GLO)				
Harvey Buyout Program	14.228	20-066-011-C074	\$ -	\$ 36,822
Harvey Infrastructure Program	14.228	20-065-062-C180	-	204,723
Total U. S. Department of Housing and Urban Development			-	241,545
<u>U. S. Department of Justice</u>				
<i>Passed Through Office of the Governor, Criminal Justice Division</i>				
Victims' Assistance	16.575	2018-V2-GX-0040	-	22,327
Sexual Assault Investigator	16.588	2019-WF-AX-0022	-	30,844
SCAAP	16.606	2019-AP-BX-0568	-	3,299
Gulf States Law Enforcement Technology Initiative	16.843	2020-RZ-BX-0003	-	30,197
Total U. S. Department of Justice			-	86,667
<u>United States Department of Transportation</u>				
<i>Passed Through Texas Dept of Transportation</i>				
State and Community Highway Safety	20.600	2020-WallerCOCO-S- CM V-00044	-	8,987
State and Community Highway Safety	20.600	2020-WallerCOCO S 5- 1YG-00138	-	14,864
Total U. S. Department of Transportation			-	23,851
<u>United States Department of the Treasury</u>				
<i>Passed Through Texas Secretary of State</i>				
COVID-19 Coronavirus Relief Fund (CRF)	21.019	5750223	-	1,609,355 #
Total U. S. Department of the Treasury			-	1,609,355
<u>United States Election Assistance Commission</u>				
<i>Passed Through Texas Secretary of State</i>				
COVID-19 HAVA CARES Act - Fed	90.404	TX20101CARES-237	-	47,284
Total U. S. Election Assistance Commission			-	47,284
<u>U.S. Dept. of Homeland Security</u>				
<i>Passed Through Texas Department of Emergency Management</i>				
Emergency Management Performance Grant	97.036	EMT-2020-EP-00004	-	29,722
<i>Passed through Office of Gov</i>				
Homeland Security Grant Program				
Constable Pct 2 Radios	97.067	EMW-2019-SS-00034-S01	-	15,221
Homeland Security Grant Program				
Training/Preparing for WMD	97.067	EMW-2019-SS-00034-S01	-	34,100
Total Department of Homeland Security			-	79,043
Total Indirect Federal Grants			-	2,087,745
TOTAL FEDERAL GRANTS			\$ -	\$ 2,087,745

Major Grants

WALLER COUNTY, TEXAS
Notes to Expenditures of Federal Awards
December 31, 2020

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Waller County, Texas (the "County"). The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly by the primary government from federal agencies, as well as federal awards passed through other government agencies, are included in the scope of the *Uniform Guidance* and are included on the Expenditures of Federal Awards.

Basis of Accounting

The accompanying Schedules of Expenditures of Federal Awards are presented using the modified accrual basis of accounting for governmental funds, which is described in Note 1 of the County's Comprehensive Annual Financial Report. For grants that permitted inclusion indirect costs, the County did not make an election to use the 10% de minimis indirect cost rate.

B - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying Schedules of Expenditures of Federal Awards may not agree with the amounts reported in the related federal financial reports filed with grantor agencies because those reports are filed on the cash basis.

C – CONTINGENCIES

The County participates in several federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2020 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.