

MONTGOMERY COUNTY, TEXAS

SINGLE AUDIT REPORT

**YEAR ENDED
SEPTEMBER 30, 2021**

MONTGOMERY COUNTY, TEXAS

TABLE OF CONTENTS

SEPTEMBER 30, 2021

Page Number

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 <i>Government Auditing Standards</i>	1 – 2
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With the <i>Uniform</i> Guidance and the State of Texas <i>Uniform Grant Management Standards</i>	3 – 4
Schedule of Expenditures of Federal and State Awards.....	5 – 9
Notes to Schedule of Expenditures of Federal and State Awards	10
Schedule of Findings and Questioned Costs	11 – 12
Schedule of Prior Year Findings	13

THIS PAGE LEFT BLANK INTENTIONALLY



**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
County Commissioners
Conroe, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Montgomery County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Montgomery County, Texas' basic financial statements, and have issued our report thereon dated March 29, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Montgomery 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 Montgomery County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Montgomery 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 over financial reporting 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 Montgomery 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
March 29, 2022

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

Honorable County Judge and
County Commissioners
Conroe, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Montgomery County, Texas' (the "County's") compliance with the types of requirements described in the *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2021. The County's 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 the County's 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; 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*. Those standards, the Uniform Guidance, and the State of Texas *Uniform Grant Management Standards* 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 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 and state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal and State 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 and state programs for the year ended September 30, 2021.

OFFICE LOCATIONS

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

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 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 the State of Texas *Uniform Grant Management Standards*, 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 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 were not identified.

Report on the 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 29, 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.

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 the State of Texas *Uniform Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

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

Waco, Texas
March 29, 2022

MONTGOMERY COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grantor's Pass-through Number	Federal Expenditures	Pass-through Expenditures
FEDERAL AWARDS				
<u>U. S. Department of Agriculture</u>				
Child Nutrition Cluster:				
Direct Program:				
National School Breakfast Program (20-21SY)	10.553	CEID: 01340	\$ 17,676	\$ -
National School Breakfast Program (21-22SY)	10.553	CEID: 01340	7,455	-
Total Assistance Listing 10.553			25,131	-
National School Lunch Program (20-21SY)	10.555	CEID: 01340	21,999	-
National School Lunch Program (21-22SY)	10.555	CEID: 01340	6,883	-
Total Assistance Listing 10.555			28,882	-
Total Direct Program			54,013	-
Total Child Nutrition Cluster			54,013	-
Total U. S. Department of Agriculture			54,013	-
<u>U. S. Department of Housing and Urban Development</u>				
CDBG Entitlement Grants Cluster:				
Direct Program:				
Community Development Block Grant	14.218	B-12-UC-48-0006	2,362	-
Community Development Block Grant	14.218	B-15-UC-48-0006	19,196	-
Community Development Block Grant	14.218	B-16-UC-48-0006	21,267	-
Community Development Block Grant	14.218	B-17-UC-48-0006	718,954	-
Community Development Block Grant	14.218	B-18-UC-48-0006	146,410	57,144
Community Development Block Grant	14.218	B-19-UC-48-0006	853,489	16,340
Community Development Block Grant	14.218	B-20-UW-48-0006	943,722	943,722
Community Development Block Grant	14.218	B-20-UC-48-0006	1,393,247	292,245
Total Assistance Listing 14.218			4,098,647	1,309,451
Total CDBG Entitlement Grants Cluster			4,098,647	1,309,451
Emergency Shelter Grants Program (ESGP)	14.231	E-20-UC-48-0006	119,485	114,857
Emergency Shelter Grants Program (ESGP) COVID-19 Rd1	14.231	E-20-UC-48-0006	581,612	193,871
Emergency Shelter Grants Program (ESGP) COVID-19 Rd2	14.231	E-20-UC-48-0006	159,539	-
Total Assistance Listing 14.231			860,636	308,728
Home Program	14.239	M-14-UC-48-0235	3,519	-
Home Program	14.239	M-15-UC-48-0235	28,139	-
Home Program	14.239	M-19-UC-48-0235	150,251	-
Home Program	14.239	M-20-UC-48-0235	468,917	-
Total Assistance Listing 14.239			650,826	-
Total Direct Program			5,610,109	1,618,179
Passed through General Land Office				
CDBG-DR Housing 2016 Floods	14.228	18-522-000-B262	273,904	-
CDBG-DR 2016 Floods Infrastructure	14.228	19-076-018-B367	161,573	-
CDBG-DR Housing Hurricane Harvey	14.228	20-066-001-B956	65,891	-
Total Assistance Listing 14.228			501,368	-
Total passed through General Land Office			501,368	-
Total U. S. Department of Housing and Urban Development			6,111,477	1,618,179
<u>U. S. Department of Justice</u>				
Direct Program:				
Coronavirus Emergency Supplemental Funding	16.034	2020-VD-BX-0758	13,994	-
Crime Victim Assistance Coordinator	16.582	2019-V3-GX-0244	74,333	-
JAG LPR Systems	16.738	2020-DJ-BX-0635	41,915	-
Smart Prosecution Grant	16.825	2018-AR-BX-0017	11,862	-
Equitable Sharing Program - DA	16.922	TX1700000	53,425	-
Equitable Sharing Program - SO	16.922	TX170015A	166,266	-
Total Assistance Listing 16.922			219,691	-
Total Direct Program			361,795	-

MONTGOMERY COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grantor's Pass-through Number	Federal Expenditures	Pass-through Expenditures
<u>U. S. Department of Justice (continued)</u>				
Passed through Houston Police Department:				
Human Trafficking Rescue Alliance Task Force	16.320	N/A	\$ 17,461	-
Total passed through Houston Police Department			17,461	-
Passed through the Texas Office of the Governor, Criminal Justice Division:				
Child Victim Coordinator Project	16.575	2872003	79,389	-
First Responder Mental Health Program	16.575	4017701	51,429	-
Total Assistance Listing 16.575			130,818	-
Domestic Violence Investigator	16.588	3398304	102,515	-
Domestic Violence Investigator	16.588	3398305	8,612	-
Total Assistance Listing 16.588			111,127	-
JAG - Airboat Project	16.738	3993301	93,300	-
Total passed through the Texas Office of the Governor, Criminal Justice Division			335,245	-
Total U. S. Department of Justice			714,501	-
<u>U. S. Department of the Transportation</u>				
Passed through Texas Department of Transportation:				
TXDOT Aviation - COVID-19	20.106	20CRCONRO	39,286	-
Total Assistance Listing 20.106			39,286	-
Highway Safety Cluster:				
STEP-Comprehensive	20.600	021-MoCoP1Co-S-1YG-0006	12,097	-
STEP-Comprehensive	20.600	021-MoCoP5Co-S-1YG-0003	8,769	-
STEP-Comprehensive	20.600	021-MontCoSO-S-1YG-0004	77,097	-
Total Assistance Listing 20.600			97,963	-
Alcohol Traffic Safety & Drunk Driving Prevention Incentive Grant	20.616	2021-MCDAO-G-1YG-0097	200,157	-
Total Highway Safety Cluster			298,120	-
Total passed through the Texas Department of Transportation			337,406	-
Total U. S. Department of Transportation			337,406	-
<u>U. S. Department of the Treasury</u>				
Direct program:				
Coronavirus Relief Fund - COVID-19	21.019	N/A	49,096,979	31,789,812
Emergency Rental Assistance Program - COVID-19	21.023	N/A	2,682,680	2,682,680
Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	N/A	7,623,386	-
Total Direct Program			59,403,045	34,472,492
Total U. S. Department of the Treasury			59,403,045	34,472,492
<u>U.S. Institute of Museum and Library Services</u>				
Passed through the State Library and Archives Commission:				
Interlibrary Loan Lending Reimbursement Program	45.310	LS-246561-OLS-20	18,039	-
Total passed through State Library and Archives Commission			18,039	-
Total U.S. Institute of Museum and Library Services			18,039	-
<u>U.S. Elections Assistance Commission</u>				
Passed through Texas Secretary of State:				
Help America Vote Act (HAVA) CARES Act - COVID-19	90.404	TX20101CARES-170	186,937	-
Total passed through Texas Secretary of State			186,937	-
Total U.S. Elections Assistance Commission			186,937	-

MONTGOMERY COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grantor's Pass-through Number	Federal Expenditures	Pass-through Expenditures
<u>U. S. Department of Health and Human Services</u>				
Passed through the Texas Department of Family and Protective Services:				
Foster Care - Title IV-E	93.658	HHS000285100030	\$ 101,755	\$ -
Foster Care - Title IV-E (ADM)	93.658	HHS000285000023	10,729	-
Total Assistance Listing 93.658			112,484	-
Total passed through the Texas Department of Family and Protective Services			112,484	-
Total U. S. Department of Health and Human Services			112,484	-
<u>U.S. Office of National Drug Control Policy</u>				
Direct Program:				
High Intensity Drug Trafficking Areas Program	95.001	G17HN0019A	308	-
High Intensity Drug Trafficking Areas Program	95.001	G20HN0017A	76,144	-
Total Assistance Listing 95.001			76,452	-
Total Direct Program			76,452	-
Total U. S. Office of National Drug Control Policy			76,452	-
<u>Federal Emergency Management Agency</u>				
Passed through the Texas Water Development Board:				
Texas Hurricane Harvey	97.029	1600012123	1,083,545	-
Total Assistance Listing 97.029			1,083,545	-
Total passed through the Texas Water Development Board			1,083,545	-
Passed through the Texas Division of Emergency Management:				
Texas Hurricane Harvey	97.036	FEMA-DR-4332-TX	2,520	-
Total Assistance Listing 95.001			2,520	-
Total passed through the Texas Division of Emergency Management:			2,520	-
Total Federal Emergency Management Agency			1,086,065	-
<u>U.S. Department of Homeland Security</u>				
Passed through the Texas Office of the Governor, Criminal Justice Division:				
HSGP- Community Preparedness & Regional	97.067	2976305	66,575	-
HSGP- Community Preparedness & Regional	97.067	2976306	147,784	-
HSGP- EOC/Regional Technology Sustainment	97.067	2976905	3,151	-
HSGP- EOC/Regional Technology Sustainment	97.067	2976906	68,235	-
HSGP- MoCo Public Safety Video	97.067	2977003	184,480	-
HSGP- MoCo Public Safety Video	97.067	2977004	395,813	-
HSGP- MoCo M&A	97.067	2986504	(27)	-
HSGP- MoCo M&A	97.067	2986505	6,835	-
HSGP- MoCo M&A	97.067	2986506	32,292	-
HSGP- First Responder FC Specialized Team Sustainment	97.067	3419302	563,173	-
HSGP- First Responder FC Specialized Team Sustainment	97.067	3419303	667,945	-
HSGP- HAZMAT TEAM SUSTAINMENT-	97.067	3419304	77,500	-
HSGP- First Responder LE Special Response	97.067	3420702	334,425	-
HSGP- First Responder LE Special Response	97.067	3420703	352,493	-
HSGP- First Responder LE Special Response	97.067	3420704	2,010	-
HSGP- Emergency Operation Center Enhancement/Regional Technology	97.067	3694701	71,089	-
HSGP- Emergency Operation Center Enhancement/Regional Technology	97.067	3694702	204,424	-

MONTGOMERY COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS****YEAR ENDED SEPTEMBER 30, 2021**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grantor's Pass-through Number	Federal Expenditures	Pass-through Expenditures
<u>U.S. Department of Homeland Security (continued)</u>				
HSGP- MC Cyberawareness Training	97.067	3901201	\$ 27,000	\$ -
MC LE SWAT Sustainment	97.067	3664602	83,113	-
SHSP-LETPA CBRNE Team Support	97.067	3665001	35,524	-
SHSP LETPA MC SUAS Detection System	97.067	3896801	77,500	-
Total Assistance Listing 97.067			<u>3,401,334</u>	<u>-</u>
Total passed through the Texas Office of the Governor, Criminal Justice Division:			<u>3,401,334</u>	<u>-</u>
Total U. S. Department of Homeland Security			<u>3,401,334</u>	<u>-</u>
Total Federal Awards			<u>\$ 71,501,753</u>	<u>\$ 36,090,671</u>

MONTGOMERY COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(Continued)
YEAR ENDED SEPTEMBER 30, 2021

State Grantor/Pass-through Grantor/Program Title	Grantor's Pass-through Number	State Expenditures	Pass-through Expenditures
STATE AWARDS			
<u>Houston-Galveston Area Council</u>			
Direct Program:			
North County Recycle Center Compactor Project	20-16-19	\$ 10,013	\$ -
MCTX Training Academy - SO	N/A	39,602	-
Regional Juvenile Mental Health Services	N/A	18,125	-
Total Direct Program		67,740	-
Total Houston-Galveston Area Council		67,740	-
<u>Texas Criminal Justice Planning</u>			
Direct Program:			
Child Exploitation Social Worker	3734201	31,914	-
Total Direct Program		31,914	-
Total Texas Criminal Justice Planning		31,914	-
<u>Texas Department of Motor Vehicles</u>			
Direct Program:			
Montgomery County Auto Theft Task Force	608-21-1700000	409,628	129,890
Montgomery County Auto Theft Task Force	608-22-1700000	25,940	14,652
Total Direct Program		435,568	144,542
Total Texas Department of Motor Vehicles		435,568	144,542
<u>Texas Department of Transportation</u>			
Direct Program:			
Routine Airport Maintenance Program	M16M2112CONR	28,948	-
Total Direct Program		28,948	-
Total Texas Department of Motor Vehicles		28,948	-
<u>Texas Health and Human Services Commission</u>			
Direct Program:			
Forensic Hospital Service	2016-048567-001D	16,073,177	-
Forensic Hospital Service	2016-048567-001E	1,445,680	-
Total Direct Program		17,518,857	-
Total Texas Health and Human Services Commission		17,518,857	-
<u>Texas Indigent Defense Commission</u>			
Direct Program:			
Indigent Defense Services - Formula Grant	212-21-170	398,630	-
Total Direct Program		398,630	-
Total Texas Indigent Defense Commission		398,630	-
<u>Texas State Office of the Attorney General</u>			
Direct Program:			
Crime Victim Notification- FY21	211557	27,612	-
Total Direct Program		27,612	-
Total Texas Indigent Defense Commission		27,612	-
<u>Texas State Office of the Attorney General</u>			
Direct Program:			
Veterans Court Program - TVC	GT-VTC20-015	119,593	-
Veterans Court Program - TVC	GT-VTC21-008	35,820	-
Total Direct Program		155,413	-
Total Texas Indigent Defense Commission		155,413	-
Total State Awards		\$ 18,664,682	\$ 144,542

MONTGOMERY 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 applicable federal and state awards programs of Montgomery County, Texas. The County's reporting entity is defined in Note 1 of the basic financial statements. Federal and state awards received directly from federal and state agencies, as well as awards passed through other government agencies, are included on the Schedule of Expenditures of Federal and State Awards.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements.

3. INDIRECT COSTS

The County did not elect to apply the 10% de minimus indirect cost rate as allowed in the Uniform Guidance.

MONTGOMERY COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None
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?	None
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) or the State of Texas <i>Uniform Grant Management Standards</i>	None
---	------

Identification of major federal program:

CFDA Number:	Name of Program or Cluster:
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance
21.027	Coronavirus State And Local Fiscal Recovery Funds
97.067	Homeland Security Grant Program

Identification of major state program:

Name of Program:
Forensic Hospital Services
2016-048567-001D
2016-048567-001E

Dollar threshold used to distinguish between type A and type B federal programs	\$2,145,053
Dollar threshold used to distinguish between type A and type B state programs	\$559,940
Auditee qualified as low-risk auditee?	No

MONTGOMERY COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
SEPTEMBER 30, 2021

**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 Related to Federal and State Awards

None

MONTGOMERY COUNTY, TEXAS

SCHEDULE OF PRIOR YEAR FINDINGS

SEPTEMBER 30, 2021

**Findings Relating to the Financial Statements Which Are
Required to be Reported in Accordance with Generally
Accepted Government Auditing Standards**

Item 2020-001:

Misstatement of Capital Assets

Criteria:

Management is responsible for the accuracy and completeness of all financial records and related information and for establishing and maintaining effective internal control over financial reporting. The existence of a material misstatement of an entity's financial statements is an indication of a material weakness in internal control.

Cause:

Approximately \$3.2 million of capital expenditures incurred in a previous period representing the County's retainage liability were not capitalized in the period incurred, because the County's practice was to capitalize retainage when paid rather than when incurred. This resulted in an understatement of prior-period capital assets, and an overstatement of prior-period expenses that was not detected by the County's internal controls over financial statement closing and monitoring procedures.

Effect:

Misstatements of the County's financial statements were not prevented, or detected and corrected, by the County's system of internal control. Failure to establish effective monitoring and closing procedures may allow misstatements to exist and be reported without being identified.

Recommendation:

We recommend that the County implement a system of internal controls that will ensure retainage is capitalized in the period incurred for all funds that use the economic measurement focus and the accrual basis of accounting.

Current Status:

Resolved

THIS PAGE LEFT BLANK INTENTIONALLY