

Montgomery County, Texas

Federal and State Single Audit Report
For the Fiscal Year Ended September 30, 2020

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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*

To the Honorable County Judge
And County Commissioners and Management of
Montgomery County, Texas
P.O. Box 539
Conroe, Texas 77305-0539

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, the business-type activities, each major fund, and the aggregate remaining fund information of Montgomery County, Texas (the County) as of and for the fiscal year ended September 30, 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 March 26, 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 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

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*.

The Honorable County Judge
and County Commissioners and Management of
Montgomery County, Texas

The County's Response to Findings

The County's response to the finding identified in our audit is described in the accompanying corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
March 26, 2021

Independent Auditor's Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and Texas Uniform Grant Management Standards

To The Honorable County Judge
and County Commissioners and Management of
Montgomery County
P.O. Box 539
Conroe, Texas 77305-0539

Report on Compliance for Each Major Federal and State Program

We have audited the Montgomery County, Texas (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on each of the County's major federal and state programs for the fiscal year ended September 30, 2020. The County's major federal and state programs are identified in the summary of auditor's 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; 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 UGMS. Those standards and the Uniform Guidance and State of Texas 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 and 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.

The Honorable County Judge
and County Commissioners and Management of
Montgomery County, Texas

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 fiscal year ended September 30, 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 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 State of Texas 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 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 and 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 and 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 and 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.

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

The Honorable County Judge
and County Commissioners and Management of
Montgomery County, Texas

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the fiscal year ended September 30, 2020 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 26, 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 State of Texas UGMS 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
March 26, 2021

Montgomery County, Texas
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended September 30, 2020

Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA # Number	Project Number	Pass-Through Amount to Subrecipients	Expenditures	
				Direct	Total
FEDERAL FUNDING:					
U.S. DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster:					
Direct Program:					
<i>National School Lunch Program (19-20SY)</i>	10.555	CEID: 01340	\$ -	\$ 26,281	\$ 26,281
<i>National School Lunch Program (20-21SY)</i>	10.555	CEID: 01340	-	4,587	4,587
Total Program 10.555			-	30,868	30,868
<i>National School Breakfast Program (19-20SY)</i>	10.553	CEID: 01340	-	17,152	17,152
<i>National School Breakfast Program (20-21SY)</i>	10.553	CEID: 01340	-	2,933	2,933
Total Program 10.553			-	20,085	20,085
Total Direct Program			-	50,953	50,953
Total Child Nutrition Cluster			-	50,953	50,953
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	50,953	50,953
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
CDBG Entitlement Grants Cluster:					
Direct Program:					
<i>Community Development Block Grant</i>	14.218	B-12-UC-48-0006	-	400	400
<i>Community Development Block Grant</i>	14.218	B-13-UC-48-0006	-	199	199
<i>Community Development Block Grant</i>	14.218	B-14-UC-48-0006	-	41	41
<i>Community Development Block Grant</i>	14.218	B-15-UC-48-0006	-	27,225	27,225
<i>Community Development Block Grant</i>	14.218	B-16-UC-48-0006	-	55,936	55,936
<i>Community Development Block Grant</i>	14.218	B-17-UC-48-0006	-	357,365	357,365
<i>Community Development Block Grant</i>	14.218	B-18-UC-48-0006	-	1,046,079	1,046,079
<i>Community Development Block Grant</i>	14.218	B-19-UC-48-0006	354,666	889,456	1,244,122
<i>Community Development Block Grant (CDBG)-Coronavirus</i>	14.218	B-20-UW-48-0006	675,244	-	675,244
Total Program 14.218			1,029,910	2,376,701	3,406,611
Total CDBG- Entitlement Grants Cluster			1,029,910	2,376,701	3,406,611
<i>Emergency Shelter Grants Program (ESGP)</i>	14.231	E-19UC-48-0006	205,679	6,295	211,974
<i>Emergency Shelter Grants Program (ESGP)Coronavirus Rd1</i>	14.231	E-20UW-48-0006	193,871	-	193,871
Total Program 14.231			399,550	6,295	405,845
<i>Home Program</i>	14.239	M-15-UC-48-0235	-	303,423	303,423
<i>Home Program</i>	14.239	M-16-UC-48-0235	-	1	1
<i>Home Program</i>	14.239	M-17-UC-48-0235	-	2,946	2,946
<i>Home Program</i>	14.239	M-18-UC-48-0235	-	255,104	255,104
<i>Home Program</i>	14.239	M-19-UC-48-0235	-	103,573	103,573
Total Program 14.239			-	665,047	665,047
<i>Lead Based Paint Hazard Reduction</i>	14.900	TXLHB0721-19		6,302	6,302
Total Program 14.900			-	6,302	6,302
Total Direct Program			1,429,460	3,054,345	4,483,805
Passed Through the General Land Office:					
<i>CDBG-DR Housing 2016 Floods</i>	14.228	18-522-000-B262	-	36,473	36,473
<i>CDBG-DR 2016 Floods Infrastructure</i>	14.228	19-076-018-B367	-	133,502	133,502
Total Program 14.228			-	169,975	169,975
Total Passed Through the General Land Office			-	169,975	169,975
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,429,460	3,224,320	4,653,780

The Notes to Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

Montgomery County, Texas

Schedule of Expenditures of Federal and State Awards - Continued For the Fiscal Year Ended September 30, 2020

Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA # Number	Project Number	Pass-Through Amount to Subrecipients	Expenditures	
				Direct	Total
U.S. DEPARTMENT OF JUSTICE					
Direct Program:					
<i>Coronavirus Emergency Supplemental Funding Program</i>	16.034	2020-VD-BX-0758	-	127,793	127,793
Total Program 16.034			-	127,793	127,793
<i>Crime Victim Assistance Coordinator</i>	16.582	2019-V3-GX-0244	-	49,070	49,070
Total Program 16.582			-	49,070	49,070
<i>State Criminal Alien Assistance Program (SCAAP)</i>	16.606	2020-AP-BX-1079	-	268,608	268,608
Total Program 16.606			-	268,608	268,608
<i>Smart Prosecution Grant</i>	16.825	2018-AR-BX-0017	-	189,429	189,429
Total Program 16.825			-	189,429	189,429
<i>JAG LPR Systems</i>	16.738	2019-DJ-BX-0565	-	44,943	44,943
Total Program 16.738			-	44,943	44,943
<i>Forensics Accreditation Grant</i>	16.560	2017-DN-BX-0152	-	6,103	6,103
Total Program 16.560			-	6,103	6,103
<i>Federal Equitable Sharing- SO</i>	16.922	TX1700000	-	24,684	24,684
<i>Federal Equitable Sharing-DA</i>	16.922	TX170015A	-	172,566	172,566
<i>Federal Equitable Sharing-Const 2</i>	16.922	TX1700200	-	11	11
Total Program 16.922			-	197,261	197,261
Total Direct Program			-	883,207	883,207
Passed Through the State Criminal Justice Division:					
<i>Child Victim Coordinator Project</i>	16.575	2872003	-	77,194	77,194
Total Program 16.575			-	77,194	77,194
<i>Domestic Violence Investigator</i>	16.588	3398303	-	69,296	69,296
<i>Domestic Violence Investigator</i>	16.588	3398304	-	6,795	6,795
Total Program 16.588			-	76,091	76,091
Total Passed Through the State Criminal Justice Division			-	153,285	153,285
Passed Through the Houston Police Department:					
<i>Human Trafficking Rescue Alliance Task Force (19)</i>	16.320	N/A	-	1,049	1,049
<i>Human Trafficking Rescue Alliance Task Force(20-22)</i>	16.320	N/A	-	7,251	7,251
Total Program 16.320			-	8,300	8,300
Total Passed Through the Houston Police Department			-	8,300	8,300
TOTAL U.S. DEPARTMENT OF JUSTICE			-	1,044,792	1,044,792

The Notes to Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

Montgomery County, Texas

Schedule of Expenditures of Federal and State Awards – Continued For the Fiscal Year Ended September 30, 2020

Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA # Number	Project Number	Pass-Through Amount to Subrecipients	Expenditures	
				Direct	Total
U.S. DEPARTMENT OF TRANSPORTATION					
Passed Through the State Department of Transportation:					
<i>Taxiway G&F- Design Phase</i>	20.106	1912CNROE	-	12,982	12,982
<i>Taxiway G&F- Construction Phase</i>	20.106	1912CONRO	-	713,309	713,309
<i>Coronavirus Relief Fund</i>	20.106	20CRCONRO	-	84,288	84,288
Total Program 20.106			-	810,579	810,579
Highway Safety Cluster:					
<i>STEP-Comprehensive</i>	20.600	2020-MontgoSO-S-1YG-00076	-	52,371	52,371
<i>STEP-Comprehensive</i>	20.600	2020-MoCoP1Co-S-1YG-00039	-	7,861	7,861
<i>STEP-Comprehensive</i>	20.600	2020-MoCoP4Co-S-1YG-00058	-	3,625	3,625
<i>STEP-Comprehensive</i>	20.600	2020-MoCoP5Co-S-1YG-00057	-	8,686	8,686
Total Program 20.600			-	72,543	72,543
<i>Alcohol Traffic Safety & Drunk Driving Prevention Incentive</i>	20.616	2020-MCDAO-G-1YG-00146	-	143,460	143,460
Total Program 20.616			-	143,460	143,460
Total Highway Safety Cluster			-	216,003	216,003
Total Passed Through the State Department of Transportation			-	1,026,582	1,026,582
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			-	1,026,582	1,026,582
U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
Passed Through the State Library and Archives Commission:					
<i>Interlibrary Loan Lending Reimbursement Program</i>	45.310	LS-00-18-0044-18	-	11,736	11,736
Total Program 45.310			-	11,736	11,736
Total Passed Through the State Library and Archives Commission			-	11,736	11,736
TOTAL U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			-	11,736	11,736
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed Through the State Department of Family and Protective Services:					
<i>Foster Care Title IV-E (ADM)</i>	93.658	24731933	-	5,958	5,958
<i>Foster Care Title IV-E</i>	93.658	24731513	-	81,778	81,778
Total Program 93.658			-	87,736	87,736
Total Passed Through the State Department of Family and Protective Services			-	87,736	87,736
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	87,736	87,736
EXECUTIVE OFFICE OF THE PRESIDENT					
Direct Program:					
<i>High Intensity Drug Trafficking Areas</i>	95.001	G19HN0017A	-	76,292	76,292
<i>High Intensity Drug Trafficking Areas</i>	95.001	G20HN0017A	-	575	575
Total Program 95.001			-	76,867	76,867
Total Direct Program			-	76,867	76,867
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			-	76,867	76,867

The Notes to Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

Montgomery County, Texas
 Schedule of Expenditures of Federal and State Awards – Continued
 For the Fiscal Year Ended September 30, 2020

Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA # Number	Project Number	Pass-Through Amount to Subrecipients	Expenditures	
				Direct	Total
FEDERAL EMERGENCY MANAGEMENT AGENCY					
Passed Through the Texas Water Development Board:					
<i>Texas Hurricane Harvey</i>	97.029	1600012123	-	2,355,029	2,355,029
Total Program 97.029			-	2,355,029	2,355,029
Total Passed Through the Texas Water Development Board			-	2,355,029	2,355,029
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			-	2,355,029	2,355,029
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed Through the State Criminal Justice Division:					
<i>HSGP-Montgomery County Community Preparedness & Regional Planning</i>	97.067	2976304	-	30,132	30,132
<i>HSGP-Montgomery County Community Preparedness & Regional Planning</i>	97.067	2976305	-	172,614	172,614
<i>HSGP- Montgomery County EOC/Regional Technology Sustainment</i>	97.067	2976904	-	18,777	18,777
<i>HSGP- Montgomery County EOC/Regional Technology Sustainment</i>	97.067	2976905	-	39,090	39,090
<i>HSGP- Montgomery County Public Safety Video Initiative</i>	97.067	2977003	-	3,607	3,607
<i>HSGP- Montgomery County M&A</i>	97.067	2986504	-	10,363	10,363
<i>HSGP- Montgomery County M&A</i>	97.067	2986505	-	12,540	12,540
<i>HSGP- Montgomery County First Responder FC Specialized Team Sustainment</i>	97.067	3419301	-	660,288	660,288
<i>HSGP- Montgomery County First Responder FC Specialized Team Sustainment</i>	97.067	3419302	-	67,468	67,468
<i>HSGP- Montgomery County First Responder FC Specialized Team Sustainment</i>	97.067	3419303	-	70,000	70,000
<i>HSGP- Montgomery County First Responder LE Special Response</i>	97.067	3420701	-	543,669	543,669
<i>HSGP- Montgomery County First Responder LE Special Response</i>	97.067	3420702	-	35,179	35,179
<i>HSGP- Montgomery County First Responder LE Special Response</i>	97.067	3420703	-	62,632	62,632
<i>HSGP- Montgomery County LE SWAT Sustainment</i>	97.067	3664602	-	3,560	3,560
<i>HSGP- Montgomery County EOC Enhancement/Regional Technology</i>	97.067	3694701	-	42,269	42,269
<i>SHSP- CBRNE Team Support</i>	97.067	3896701	-	88,597	88,597
Total Program 97.067			-	1,860,785	1,860,785
Total Passed Through the State Criminal Justice Division			-	1,860,785	1,860,785
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	1,860,785	1,860,785
CENTERS FOR DISEASE CONTROL AND PREVENTION					
Passed Through the Department of Health and Human Services:					
<i>Hurricane Harvey Crisis Project-Vector Control</i>	93.354	HHS000371500012	-	79,604	79,604
Total Program 93.354			-	79,604	79,604
Total Passed Through the Department of Health and Human Services			-	79,604	79,604
TOTAL CENTERS FOR DISEASE CONTROL AND PREVENTION			-	79,604	79,604
DEPARTMENT OF THE TREASURY					
Direct Program:					
<i>Coronavirus Relief Fund</i>	21.019	N/A	7,220,456	48,927,193	56,147,649
Total Program 21.019			7,220,456	48,927,193	56,147,649
<i>Federal Equitable Sharing- SO</i>	21.016	TX1700000	-	192,538	192,538
<i>Federal Equitable Sharing-DA</i>	21.016	TX170015A	-	7,589	7,589
Total Program 21.016			-	200,127	200,127
Total Direct Program			7,220,456	49,127,320	56,347,776
TOTAL DEPARTMENT OF THE TREASURY			7,220,456	49,127,320	56,347,776
ELECTION ASSISTANCE COMMISSION					
Passed Through the Texas Secretary of State:					
<i>HAVA CARES Act Funding</i>	90.404	TX20101CARES-170	-	407,805	407,805
Total Program 90.404			-	407,805	407,805
Total Passed Through the Texas Secretary of State			-	407,805	407,805
TOTAL ELECTION ASSISTANCE COMMISSION			-	407,805	407,805
TOTAL FEDERAL FUNDING			8,649,916	59,353,529	68,003,445

The Notes to Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

Montgomery County, Texas

Schedule of Expenditures of Federal and State Awards – Continued For the Fiscal Year Ended September 30, 2020

Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA # Number	Project Number	Pass-Through Amount to Subrecipients	Expenditures	
				Direct	Total
STATE FUNDING:					
TEXAS VETERAN'S COMMISSION					
Direct Program:					
<i>Veteran's Court Program- TVC</i>	N/A	VTC-19-0002	-	117,520	117,520
<i>Veteran's Court Program- TVC</i>	N/A	VTC-20-015	-	39,370	39,370
Total Direct Program			-	156,890	156,890
TOTAL TEXAS VETERANS COMMISSION			-	156,890	156,890
TEXAS CRIMINAL JUSTICE PLANNING					
Direct Program:					
<i>Child Exploitation Social Worker</i>	N/A	3734201	-	53,571	53,571
Total Direct Program			-	53,571	53,571
TOTAL TEXAS CRIMINAL JUSTICE DIVISION			-	53,571	53,571
TEXAS DEPARTMENT OF MOTOR VEHICLES					
Direct Program:					
<i>Motor Vehicle Salvage/Theft Reduction Inspn-26</i>	N/A	608-20-1700000	130,370	146,276	276,646
<i>Motor Vehicle Salvage/Theft Reduction Inspn-27</i>	N/A	608-21-1700000	11,001	8,532	19,533
Total Direct Program			141,371	154,808	296,179
TOTAL TEXAS DEPARTMENT OF MOTOR VEHICLES			141,371	154,808	296,179
TEXAS DEPARTMENT OF TRANSPORTATION					
Direct Program:					
<i>Routine Airport Maintenance Program</i>	N/A	M2012CONR	-	49,276	49,276
Total Direct Program			-	49,276	49,276
TOTAL TEXAS DEPARTMENT OF TRANSPORTATION			-	49,276	49,276
TEXAS STATE OFFICE OF THE ATTORNEY GENERAL					
Direct Program:					
<i>SAVNS Maintenance Grant, FY20</i>	N/A	2003887	-	27,656	27,656
<i>SAVNS Maintenance Grant, FY21</i>	N/A	2111557	-	2,510	2,510
Total Direct Program			-	30,166	30,166
TOTAL TEXAS STATE OFFICE OF THE ATTORNEY GENERAL			-	30,166	30,166
TEXAS INDIGENT DEFENSE COMMISSION					
Direct Program:					
<i>Indigent Defense Services - Formula Grant</i>	N/A	212-20-170	-	461,246	461,246
<i>Supplemental Capital Defense Formula Grant</i>	N/A	212-20-170SC	-	31,432	31,432
Total Direct Program			-	492,678	492,678
TOTAL TEXAS INDIGENT DEFENSE COMMISSION			-	492,678	492,678
HOUSTON-GALVESTON AREA COUNCIL					
Direct Program:					
<i>North County Recycle Center Compactor Project</i>	N/A	20-16-19	-	58,500	58,500
<i>Regional Juvenile Mental Health Services, FY20</i>	N/A	N/A	-	18,478	18,478
Total Direct Program			-	76,978	76,978
TOTAL HOUSTON-GALVESTON AREA COUNCIL			-	76,978	76,978
GENERAL APPROPRIATIONS ACT- "RIDER 97"					
Passed Through Texas Health and Human Services Commission:					
<i>Forensic Hospital Services</i>	N/A	2016-048567-001C	-	15,920,413	15,920,413
<i>Forensic Hospital Services</i>	N/A	2016-048567-001D	-	1,274,987	1,274,987
Total Passed Through Texas Health and Human Services Commission			-	17,195,400	17,195,400
TOTAL GENERAL APPROPRIATIONS ACT- "RIDER 97"			-	17,195,400	17,195,400
TOTAL STATE FUNDING			141,371	18,209,767	18,351,138

The Notes to Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

Montgomery County, Texas

Schedule of Expenditures of Federal and State Awards – Continued For the Fiscal Year Ended September 30, 2020

Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA # Number	Project Number	Pass-Through Amount to Subrecipients	Expenditures	
				Direct	Total
LOCAL FUNDING:					
THE NRA FOUNDATION					
Direct Program:					
<i>FY20 Training Equipment Project</i>	N/A	20TXE055	-	2,270	2,270
<i>FY19 Training Grant</i>	N/A	19TXE025	-	3,221	3,221
<i>FY20 Training Grant</i>	N/A	20TXE049	-	3,226	3,226
<i>FY20 Training Grant</i>	N/A	20TXE051	-	222	222
Total Direct Program			-	8,939	8,939
TOTAL THE NRA FOUNDATION			-	8,939	8,939
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT					
Direct Program:					
<i>Friendship Center Chairs</i>	N/A	N/A	-	4,948	4,948
<i>Emergency Response Equipment</i>	N/A	N/A	-	1,570	1,570
Total Direct Program			-	6,518	6,518
TOTAL EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT			-	6,518	6,518
PETCO FOUNDATION					
Direct Program:					
<i>2018 Petco</i>	N/A	N/A	-	1,198	1,198
Total Direct Program			-	1,198	1,198
TOTAL PETCO FOUNDATION			-	1,198	1,198
CRIME STOPPERS					
Direct Program:					
<i>Electronic Detection K9</i>	N/A	N/A	-	506	506
Total Direct Program			-	506	506
TOTAL CRIME STOPPERS			-	506	506
TOCKER FOUNDATION					
Direct Program:					
<i>Malcom Purvis Library Transformation</i>	N/A	N/A	-	57,062	57,062
Total Direct Program			-	57,062	57,062
TOTAL TOCKER FOUNDATION			-	57,062	57,062
MADDIE'S FUND					
Direct Program:					
<i>Animal Foster Care Stimulus Project</i>	N/A	N/A	-	9,998	9,998
Total Direct Program			-	9,998	9,998
TOTAL MADDIE'S FUND			-	9,998	9,998
TRI-COUNTY HEALTH ALLIANCE					
Direct Program:					
<i>Mobile AED's and Tourniquets</i>	N/A	N/A	-	28,514	28,514
<i>Swift Water Rescue Training & Equipment</i>	N/A	N/A	-	22,696	22,696
Total Direct Program			-	51,210	51,210
TOTAL TRI-COUNTY HEALTH ALLIANCE			-	51,210	51,210
TOTAL LOCAL FUNDING			-	135,431	135,431
GRAND TOTAL ALL FUNDING			\$ 8,791,287	\$ 77,698,727	\$ 86,490,014

The Notes to Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

Montgomery County, Texas

Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended September 30, 2020

Note 1. General

The accompanying schedule of expenditures of federal and state awards presents the activity of all applicable federal and state awards of Montgomery County, Texas (the County). The County's reporting entity is defined in Note 1 to the County's basic financial statements. Federal and state awards received directly from federal and state agencies as well as federal and state awards passed through other government agencies are included in this schedule. The information on this schedule is prepared in accordance with the 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) and State of Texas *Uniform Grant Management Standards* (UGMS).

Note 2. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal and state grant funds were accounted for in a special revenue fund, a component of the governmental fund type or general fund. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing resources) and decreases (i.e. expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual (i.e. both measurable and available); and, expenditures in the accounting period in which the fund liability is incurred, if measurable. Federal and state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly when such funds are received, they are recorded as deferred revenues until earned.

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

Note 3. Availability of Federal and State Grant Funds

The period of availability for federal and state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the project period extended 90 days beyond the project period ending date.

Note 4. Relationship to Federal and State Financial Reports

Grant expenditure reports as of September 30, 2020, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

Montgomery County, Texas

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended September 30, 2020

Section 1. Summary of Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal Control over Financial Reporting: | |
| a. Material Weakness(es) identified? | Yes |
| b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to Financial Statements noted? | No |

Federal and State Awards

- | | |
|--|---|
| 4. Internal control over major programs: | |
| a. Material Weakness(es) identified? | No |
| b. Significant Deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 5. Type of auditors' report issued on compliance with major programs | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 516(a) of Uniform Guidance and Texas Uniform Grant Management Standards? | No |
| 7. Identification of Major Federal Programs | Texas Hurricane Harvey
97.029
Coronavirus Relief Fund
21.019 |
| 8. Identification of Major State Programs | Forensic Hospital Services
2016-048567-001C
2016-048567-001D |
| 9. Dollar threshold used to distinguish between Type A and Type B federal programs | \$2,040,103 |
| 10. Dollar threshold used to distinguish between Type A and Type B state programs | \$550,534 |
| 11. Auditee Qualified as a Low-Risk Auditee? | Yes |

Montgomery County, Texas

Schedule of Findings and Questioned Costs – Continued

For the Fiscal Year Ended September 30, 2020

Section 2. Findings Related to Financial Statements

Finding 2020-001: Material Weakness in Internal Control over Financial Reporting: 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.

Condition:

During our audit procedures, we identified a misstatement in the Montgomery County, Texas expenses of approximately \$3.2 million which resulted in a restatement of beginning net position.

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 or Potential 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.

Section 3. Federal and State Award Findings and Questioned Costs

None reported

Montgomery County, Texas
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended September 30, 2020

Prior Year Findings

None reported



Montgomery County, Texas
Office of the County Auditor
501 North Thompson, Suite 205, Conroe, Texas 77301
P.O. Box 539, Conroe, Texas 77305

Rakesh Pandey, CPA
County Auditor
Angela H. Blocker
1st Assistant County Auditor

Section 2. Findings Related to Financial Statements

**Finding 2020-001: Material Weakness in Internal Control over Financial Reporting:
Misstatement of Capital Assets**

Management Response and Corrective Action:

In addition to correcting the misstatements identified during the audit by adjusting the financial statements accordingly, Montgomery County has adjusted its closing procedures to properly capitalize retainage in the year incurred.

Person(s) Responsible:

County Auditor
Budget and Financial Reporting Supervisor
MCTRA Financial Analyst

Anticipated Completion Date:

April 1, 2021

Respectfully submitted,

Rakesh Pandey
Montgomery County Auditor

RP/sle