

CALHOUN COUNTY TEXAS  
COMPLIANCE  
FEDERAL AND STATE AWARDS

For the Year Ended

December 31, 2018

CALHOUN COUNTY, TEXAS  
FEDERAL AND STATE SINGLE AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

	<u>Page</u>
<b><u>Reports on Internal Control and Compliance</u></b>	
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
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance In Accordance with Uniform Guidance.....	3
<b>Federal and State Schedules</b>	
Schedule of Findings and Questioned Costs .....	6
Summary Schedule of Prior Audit Findings.....	7
Schedule of Expenditures of Federal and State Awards .....	8
Notes to Schedule of Expenditures of Federal and State Awards.....	9



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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*

INDEPENDENT AUDITOR'S REPORT

The Honorable Judge and Members of Commissioners' Court  
Calhoun 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 Calhoun County, Texas, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Calhoun County, Texas, basic financial statements and have issued our report thereon dated August 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Calhoun County, Texas' 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 Calhoun County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the Calhoun 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 city'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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calhoun County's financial statements are free of 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 the 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*.

We noted certain matters that we have reported to management of the Calhoun County, Texas in a separate letter dated August 2, 2019.

### **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.



Armstrong, Vaughan & Associates, P.C.

August 2, 2019



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the Commissioners' Court  
Calhoun County, Texas

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

We have audited the Calhoun County, Texas' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Calhoun County Texas' major federal programs for the year ended December 31, 2018. Calhoun County Texas' major federal 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 the requirements of laws, regulations, contracts, and grants applicable to federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Calhoun County, Texas' 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance 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 Calhoun 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 program. However, our audit does not provide a legal determination of Calhoun County Texas' compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Calhoun County, Texas complied, in all material respects, with the 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, 2018.

## **Report on Internal Control Over Compliance**

Management of Calhoun 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 Calhoun County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 Calhoun 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 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.

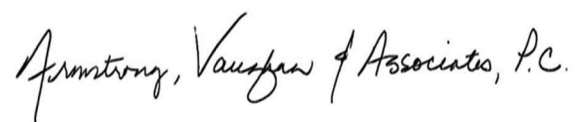
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered 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**

We have audited the financial statements of the governmental activities, the aggregate discretely presented each major fund, and the aggregate remaining fund information of Calhoun County 2018 Single Audit as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Calhoun County 2018 Single Audit's basic financial statements. We issued our report thereon dated August 2, 2019, 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 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* (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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

August 2, 2019

CALHOUN COUNTY, TEXAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial Statements noted?  Yes  No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  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 CFR Part 200 of the Uniform Guidance?  Yes  No

Identification of major programs:

<u>CFDA Number</u> 97.036	<u>Name of Federal Program or Cluster</u> Disaster Grants – Public Assistance (Presidentially Declared Disasters) - Texas Hurricane Harvey
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Dollar threshold used to distinguish between Type A and type B Programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE



CALHOUN COUNTY, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018

<u>Explanation Finding/Recommendation</u>	<u>Current Status</u>	Management's Explanation <u>If Not Implemented</u>
Not Applicable		

CALHOUN COUNTY, TEXAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

<b>FEDERAL AWARDS</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>Federal Grantor/Pass-through Grantor/Program Title</b>			
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Passed Through Texas Office of the Governor</b>			
Homeland Security Grant Program	97.067	SHSP Regular	\$ 4,601
Homeland Security Grant Program	97.067	Calhoun-2015 OPSG	3,527
Homeland Security Grant Program	97.067	Calhoun-2016 OPSG	121,203
Homeland Security Grant Program	97.067	Calhoun-2017 OPSG	65,293
<b>Total Passed Through Texas Office of the Governor</b>			<u>194,624</u>
<b>Passed Through Texas Department of Public Safety</b>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Texas Hurricane Harvey	97.036	4332DRTXP0000001	1,504,316
<b>Total Passed Through Texas Department of Public Safety</b>			<u>1,504,316</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>1,698,940</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 1,698,940</u></b>
<b>STATE AWARDS</b>			
<b>GENERAL LAND OFFICE</b>			
Coastal Erosion Planning and Response Act		16-384-000-9971	\$ 5,821
<b>Total General Land Office</b>			<u>5,821</u>
<b>OFFICE OF ATTORNEY GENERAL</b>			
SAVNS Maintenance Contract 9/1/17-8/31/18		1876671	4,792
<b>Total Office of Attorney General</b>			<u>4,792</u>
<b>OFFICE OF GOVERNOR CRIMINAL JUSTICE DIVISION</b>			
Law Enforcement Training		N/A	11,339
<b>Total Office of Governor Criminal Justice Division</b>			<u>11,339</u>
<b>TEXAS DEPARTMENT OF HEALTH</b>			
EMS/Trauma Care System - GCRAC		FY18 911-1131-3588	4,358
EMS/Trauma Care System - GCRAC		FY19 911-1131-3588	9
<b>Total Texas Department of Health</b>			<u>4,367</u>
<b>TEXAS TASK FORCE ON INDIGENT DEFENSE</b>			
Formula Grant		212-12-029 (FY 2018)	14,855
Formula Grant		212-12-029 (FY 2019)	5,217
<b>Total Texas Task Force on Indigent Defense</b>			<u>20,072</u>
<b>TEXAS DEPARTMENT OF PUBLIC SAFETY</b>			
Hurricane Harvey Cat A Debris-Local Share		TCEQ-4332-PW-03889	37,771
<b>Total Texas Department of Public Safety</b>			<u>37,771</u>
<b>DIVISION OF AVIATION</b>			
RAMP Grant (Routine Airport Maint Prog) FYE 8/31/2018		M1813PTLA	20,627
<b>Total Division of Aviation</b>			<u>20,627</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b><u>\$ 104,789</u></b>

CALHOUN COUNTY, TEXAS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Calhoun County, Texas and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ in amounts presented in, or used in the preparation of, the financial statements.

Currently, the County has elected not to use the 10% de Minimis cost rate.

