

POTTER COUNTY, TEXAS

SINGLE AUDIT REPORTS

**FOR YEAR ENDED
SEPTEMBER 30, 2019**

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POTTER COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR YEAR ENDED SEPTEMBER 30, 2019

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To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Potter County, Texas

INDEPENDENT AUDITORS' REPORT

Report on the Schedule of Expenditures of Federal and State Awards

We have audited the accompanying schedule of expenditures of federal and state awards of Potter County, Texas for the year ended September 30, 2019, and the related notes (the financial statement).

Management's Responsibility

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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), and the *Texas Single Audit Circular*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal and state awards of Potter County, Texas for the year ended September 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

March 13, 2020



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Potter County, Texas

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*

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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Potter County, Texas as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Potter County, Texas' basic financial statements and have issued our report thereon dated March 13, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Potter 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 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.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

March 13, 2020



To The Honorable County Judge and
Commissioners Comprising the
Commissioners' Court of
Potter County, Texas

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

Report on Compliance for Each Major Program

We have audited Potter County, Texas' compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Potter County, Texas' major federal and state programs for the year ended September 30, 2019. Potter County, Texas' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Potter County, Texas' major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Texas Single Audit Circular*. 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 or state program occurred. An audit includes examining, on a test basis, evidence about Potter 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 Potter County, Texas' compliance.

Opinion on Each Major Federal and State Program

In our opinion, Potter County, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of Potter 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 Potter County, Texas' 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 control over compliance. Accordingly, we do not express an opinion on the effectiveness of Potter County, Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC

March 13, 2020

POTTER COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying/ Contract Number	Expenditures, Indirect Costs and Refunds
Federal Awards:			
U.S. Department of Health and Human Services			
Texas Department of Family and Protective Services			
Title IV-E Legal Reimbursement	93.658	23940081	\$ 19,146
Title IV-E Legal Reimbursement	93.658	24730714	17,257
Texas Juvenile Justice Department			
Title IV-E Administrative & Foster Care Reimbursement	93.658	TJJD-IV-E-19-188	108,641
Office of the Attorney General			
Title IV-D - Child Support Enforcement - District Clerk	93.563	N/A	136,052
Title IV-D - Child Support Enforcement - Sheriff	93.563	N/A	34,165
U.S. Department of Justice			
Bureau of Justice Assistance			
State Criminal Alien Assistance Program (SCAAP)	16.606	2019-AP-BCX-0517	8,652
Texas Office of the Governor - Criminal Justice Division			
Victims of Crime Act Formula Grant	16.575	VA18V302093309	208,070
Violence Against Women - District Attorney	16.588	WF18V303340802	73,481
Violence Against Women - County Attorney	16.588	WF18V303358502	80,000
Office of the Attorney General			
Violence Against Women - District Attorney	16.588	N/A	35,000
City of Dallas, Texas			
Internet Crimes Against Children Task Force	16.543	2010-MC-CX-K037	1,156
Executive Office of the President			
Navarro County			
High Intensity Drug Trafficking Areas Program	95.001	N/A	<u>17,473</u>
Total Federal			<u>739,093</u>

POTTER COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR YEAR ENDED SEPTEMBER 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying/ Contract Number	Expenditures, Indirect Costs and Refunds
State Awards:			
Attorney General of Texas			
Victim Information and Notification Everyday	N/A	1990688	28,547
Victim Coordinator and Liason Grant	N/A	1987189	35,000
Department of Motor Vehicles			
Auto Burglary and Theft Prevention Authority	N/A		265,051
Governor's Office			
Adult Drug Court	N/A	2761605	67,642
Office of Court Administration			
Indigent Defense Formula Grant	N/A		120,432
Texas Juvenile Justice Department			
State Aid	N/A	TJJD-A-19-188	990,026
Special Needs Diversionary Program	N/A	TJJD-M-19-188	55,711
Regional Diversion Alternatives	N/A	TJJD-R-19-188	26,939
Total State			<u>1,589,348</u>
Total Federal and State Awards			<u><u>\$ 2,328,441</u></u>

POTTER COUNTY, TEXAS
NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
SEPTEMBER 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of Potter County, Texas under programs of the federal and state governments for the year ended September 30, 2019. The information in this schedule is presented in accordance with the 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 *Texas Single Audit Circular*. Because the Schedule presents only a selected portion of the operations of Potter County, Texas, it is not intended to and does not present the financial position, changes in net position, or cash flows of Potter County, Texas.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance and the *Texas Single Audit Circular*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

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

POTTER COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For Year Ended September 30, 2019

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? _____ X
Yes No

- Significant deficiency(ies) identified that are not
considered to be material weaknesses? _____ X
Yes None reported

Noncompliance material to financial statements noted? _____ X
Yes No

Federal Awards and State Awards

Internal control over major programs:

- Material weakness (es) identified? _____ X
Yes No

- Significant deficiency(ies) identified that are not
considered to be material weaknesses? _____ X
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 2 CFR Section 200.516(a)? _____ X
Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>State Contract Number</u>	<u>Name of Federal Program or Cluster</u>
N/A	TJJD-A-19-188	Texas Juvenile Justice Department: State Aid

Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**

Auditee qualified as low-risk auditee? _____ X
Yes No

POTTER COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For Year Ended September 30, 2019

There were no findings or questioned costs in the current year.

POTTER COUNTY, TEXAS
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
September 30, 2019

There were no findings or questioned costs in the prior year.