

SAN SABA COUNTY, TEXAS

SINGLE AUDIT REPORTS AND SCHEDULES

SEPTEMBER 30, 2018

SAN SABA COUNTY, TEXAS
Single Audit Reports and Schedules
Year ended September 30, 2018

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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**

The Honorable County Judge and Commissioners
of the Commissioners Court
San Saba County, Texas
San Saba, 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 the County of San Saba, Texas (the County) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Compliance and Other Matters

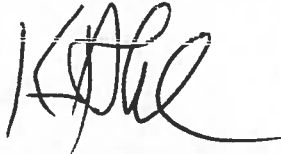
As part of obtaining reasonable assurance about whether San Saba County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

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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.



Kevin Shahan, CPA, PLLC
San Saba, Texas
January 18, 2019

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

The Honorable County Judge and Commissioners
of the Commissioners Court
San Saba County, Texas
San Saba, Texas

Report on Compliance for Each Major Federal and State Program

We have audited San Saba County, Texas' (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the State of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on the County's major federal and state programs for the year ended September 30, 2018. 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 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 UGMS. Those standards, the Uniform Guidance, and 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 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 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, 2018.

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 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 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 have not been identified.

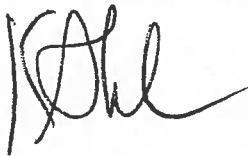
The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and UGMS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 18, 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 Uniform Guidance and 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 awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to be 'K. A. H.', written in a cursive style.

San Saba, Texas
January 18, 2019

SAN SABA COUNTY, TEXAS
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2018

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Grant Expenditures</u>	<u>Amounts Passed Through to Subrecipients</u>
Federal Awards:				
<u>Department of Housing and Urban Development:</u>				
Community Development Block Grant	14.228	7217430	\$ 25,985	\$ 25,985
Total Federal Awards			<u>\$ 25,985</u>	<u>\$ 25,985</u>
State Awards:				
<u>Texas Office of the Attorney General</u>				
Victim Coordinator and Liaison Grant Program	NA	1881457	\$ 41,214	\$ -
Total Texas Office of the Attorney General			\$ 41,214	\$ -
<u>Texas Indigent Defense Commission</u>				
Indigent Defense Formula Grant Program				
Indigent Formula Grant FY2017	NA	212-17-206	\$ 3,692	\$ -
Indigent Formula Grant FY2018	NA	212-18-206	<u>8,715</u>	<u>-</u>
Total Texas Indigent Defense Commission			\$ 12,407	\$ -
<u>Texas Historical Commission</u>				
Texas Historic Courthouse Preservation Program				
THCPP Round IX Grant	NA	CTH-09-2016	\$ 1,690,120	\$ -
Total Texas Historical Commission			\$ 1,690,120	\$ -
Total State Awards			<u>\$ 1,743,741</u>	<u>\$ -</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 1,769,726</u>	<u>\$ 25,985</u>

See Notes to Schedule of Expenditures of Federal and State Awards

SAN SABA COUNTY, TEXAS
Notes to Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and state award programs of San Saba County ("the County") for the year ended September 30, 2018. All federal and state awards received directly by the primary government from federal and state agencies are included in the scope of the Uniform Guidance and are included on the Schedule of Expenditures of Federal and State Awards.

Basis of Accounting

The Schedule of Expenditures of Federal and State Awards presents all applicable federal and state award programs of the County using the modified accrual basis of accounting for governmental funds, which is described in Note 1 to the County's basic financial statements. Major programs are identified by the independent auditor in accordance with provisions of 2 CFR 200 and the State of Texas Uniform Grant Management Standards. For grants that permitted inclusion indirect costs, the County did not make an election to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance.

NOTE 2: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported as expenditures in the Schedule of Expenditures of Federal and State Awards may not agree with the amounts in the related federal and state financial reports filed with grantor agencies due to accruals that would not be included until the next report filed with the agency.

NOTE 3: CONTINGENCIES

The County participates in several federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable as of September 30, 2018 may be impaired. In the opinion of management, there are no significant contingent liabilities relating the compliance with the rules and regulations governing the grants.

SAN SABA COUNTY, TEXAS
Schedule of Findings and Questioned Costs
Year Ended September 30, 2018

Section I – 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? | No |
| B. Significant deficiency(ies) identified not considered to be material weakness(es)? | None reported |
| C. Noncompliance material to the financial statements noted? | No |

Federal and State Awards

- | | |
|---|---|
| 1. Internal control over major programs: | |
| A. Material weakness(es) identified? | No |
| B. Significant deficiency(ies) identified not considered to be material weakness(es)? | None reported |
| | |
| 2. Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | No |
| 4. Identification of major programs: | |
| Major Programs: | |
| Grantor Agency: | Texas Historical Commission |
| Program: | TX Historic Courthouse Preservation Program |
| Grant Number: | CTH-09-2016 |
| | |
| 5. Dollar threshold used to distinguish between Type A And Type B Programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

Section II – Financial Statement Findings

None noted

Section III – Findings and Questioned Costs Related to Federal and State Awards

None noted

SAN SABA COUNTY, TEXAS
Schedule of Prior Audit Findings
September 30, 2018

Not applicable

SAN SABA COUNTY, TEXAS
Corrective Action Plan
September 30, 2018

Not applicable

OVERVIEW OF SAN SABA COUNTY'S FISCAL YEAR 2018 ANNUAL AUDIT

The attached report has been prepared in connection with the Fiscal Year 2018 annual audit of San Saba County, Texas. The primary purpose of the audit was for the auditors to form an opinion on the Basic Financial Statements of the County. The Basic Financial Statements are presented in conformity with accounting principles generally accepted in the United States of America for local government units as prescribed by the Governmental Accounting Standards Board.

OVERVIEW OF AUDIT REQUIREMENTS FOR FEDERAL AND STATE AWARDS

The scope of the County's 2018 annual audit included the requirements of the Single Audit Act Amendments of 1996, the 2 CFR 200, and the State of Texas Uniform Grant Management Standards. These regulations establish audit requirements for State and local governments, Indian tribal governments, and non-profit organizations that receive Federal and State assistance. They provide for independent audits of the entire financial operations for the County, including compliance with certain provisions of Federal and State laws and regulations. These requirements were established to ensure that audits are made on an organization-wide basis rather than on a grant-by-grant basis. Such audits are to determine whether:

1. The basic financial statements of the government present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles.
2. The organization has internal accounting and other control systems to provide reasonable assurance that it is managing Federal and State financial assistance programs in compliance with applicable laws and regulations; and
3. The organization has complied with laws and regulations that may have a material effect on its basic financial statements and on each major Federal and State assistance program.

