

FANNIN COUNTY, TEXAS
SINGLE AUDIT REPORTS AND SCHEDULES
FOR STATE AWARDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

FANNIN COUNTY, TEXAS
Single Audit Reports and Schedules for State Awards
Year Ended September 30, 2021
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RUTLEDGE CRAIN & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS

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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*

The Honorable Judge and County Commissioners
Fannin County
Bonham, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the State of Texas Single Audit Circular, as applicable, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fannin County, Texas (the "County"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 25, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

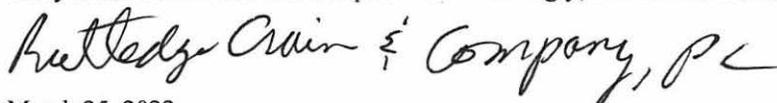
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

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*, as applicable, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 25, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES
OF STATE AWARDS REQUIRED BY THE *UNIFORM GUIDANCE* AND THE
TEXAS UNIFORM GRANT MANAGEMENT STANDARDS (UGMS)

The Honorable Judge and County Commissioners
Fannin County
Bonham, Texas

Report on Compliance for Each Major State Program

We have audited Fannin County, Texas' (the "County") compliance with the types of compliance requirements described in *OMB Compliance Supplement* and *UGMS* that could have a direct and material effect on each of the County's major state programs for the year ended September 30, 2021. The County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its awards applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major 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 *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 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 state program. However, our audit does not provide a legal determination of the County's compliance.

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

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

Report on Schedule of Expenditures of State Awards Required by the *Uniform Guidance* and the *Texas Uniform Grant Management Standards (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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 25, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of 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 state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rutledge Crain & Company, PC

March 25, 2022

FANNIN COUNTY, TEXAS
Schedule of Prior Audit Findings for State Awards
September 30, 2021

Not applicable

FANNIN COUNTY, Texas
Schedule of Findings and Questioned Costs for State Awards
For the Year Ended September 30, 2021

I. Summary of Auditors' Results

The auditors' report expresses an unmodified opinion on the financial statements.

No reportable conditions were disclosed during the audit of the financial statements.

No instances of noncompliance material to the financial statements of Fannin County, Texas were disclosed during the audit.

No reportable conditions in the internal control over major State award programs were disclosed during the audit.

The auditors' report on compliance for the major State award programs for Fannin County, Texas expresses an unmodified opinion on all major programs.

There were no audit findings reported in accordance with the *Uniform Guidance* and *UGMS*.

The programs tested as major programs included:

Texas Historic Courthouse Preservation Program

The threshold used to distinguish between Type A and Type B State programs was \$750,000.

The County was not qualified as a low-risk auditee.

The County did not elect to use the 10% de minimis indirect cost rate.

Grant Subrecipients – None

II. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards.

No findings to be reported.

III. Findings and Questioned Costs for State Awards

No findings to be reported.

Prior Year Financial Statement, State Award Findings and Questioned Costs

N/A

Corrective Action Plan

N/A

FANNIN COUNTY, TEXAS
Corrective Action Plan for Federal and State Awards
September 30, 2021

Not applicable

FANNIN COUNTY, TEXAS
 Schedule of Expenditures of Federal and State Awards
 September 30, 2021

Federal Grant /Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Grant Expenditures	
State Grants					
Texas Historical Commission					
Texas Historic Courthouse Preservation Program		CTH-09-2016	\$ -	\$ 2,151,200	#
Office of Texas Attorney General					
SAVIN		2110971	-	18,571	
Office of the Governor					
Structural Family Therapy		2806207		41,144	
Total State Grants			<u>\$ -</u>	<u>\$ 2,169,771</u>	
# Major Grant					

FANNIN COUNTY, TEXAS
Notes to Expenditures of Federal and State Awards
September 30, 2021

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of State Awards presents the activity of all state award programs of Fannin County, Texas (the "County").

Basis of Accounting

The accompanying Schedule of Expenditures of State Awards are presented using the modified accrual basis of accounting for governmental funds.

B - CONTINGENCIES

The County participates in several 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 at September 30, 2021 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.