

*SINGLE AUDIT REPORTS*

**Lee County, Texas**

Fiscal Year Ended  
September 30, 2020

**Lee County, Texas**  
*SINGLE AUDIT REPORTS*  
Year Ended September 30, 2020

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**BROOKSWATSON & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

**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*

To the Honorable Judge and  
Members of the Commissioner's Court  
Lee 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 Lee County, Texas as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Lee County, Texas's basic financial statements, and have issued our report thereon dated May 17, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Lee County, Texas'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 Lee County, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of Lee County, Texas'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 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 Lee County, Texas'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 did not identify any 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 Lee County, Texas in a separate letter dated May 17, 2021.

### *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.

Respectfully,

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, professional style.

Brooks Watson & Co.  
14950 Heathrow Forest Pkwy | Ste 530  
Houston, TX 77032  
May 17, 2021



**BROOKSWATSON & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

*Independent Auditor's Report*

To the Honorable Judge and  
Members of the Commissioner's Court  
Lee County, Texas:

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

We have audited Lee County, Texas's 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 Lee County, Texas' major federal programs for the year ended September 30, 2020. Lee 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 its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Lee 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 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 program occurred. An audit includes examining, on a test basis, evidence about Lee 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 Lee County, Texas' compliance.

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

In our opinion, Lee 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 program for the year ended September 30, 2020.

### **Report on Internal Control over Compliance**

Management of Lee 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 Lee 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 Lee 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 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.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lee County, Texas as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Lee County, Texas' basic financial statements. We issued our report thereon dated May 17, 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 awards is presented for purposes of additional analysis as required by 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 awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of, management, governing body, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, professional style.

Brooks Watson & Co.  
14950 Heathrow Forest Pkwy | Ste 530  
Houston, TX 77032  
May 17, 2021

**Lee County, Texas**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
For the Year Ended September 30, 2020

**I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:**

None.

**Lee County, Texas**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended September 30, 2020**

**I. SUMMARY OF AUDITOR'S RESULTS:**

***Financial Statements***

Type of auditor's report issued:

The auditor's report on the basic financial statements of the County expresses an unmodified opinion.

Internal control over financial reporting:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Is any noncompliance material to financial statements noted?	___ Yes	_X_ No

***Federal Awards***

The auditor's report on compliance for major federal programs expresses an unmodified opinion.

Internal control over major program compliance:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	_X_ No

**Lee County, Texas**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended September 30, 2020**

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
----------------	------------------------------------

21.019	Coronavirus Relief Fund
--------	-------------------------

Enter the dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Is the auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**II. FINANCIAL STATEMENT FINDINGS:**

**None.**

**III. FEDERAL AWARDS FINDINGS:**

**None.**

**Lee County, Texas**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended September 30, 2020**

Federal Grantor/Pass-through Agency/Program Name	Program/Grant/ Project Number	CFDA Number	Expenditures
<b>U.S. DEPARTMENT OF TREASURY</b>			
Pass-through Texas Division of Emergency Management:			
<i>Coronavirus Relief Fund</i>	2020-CF-21019	21.019	\$ 596,090
	<b>Total U.S. Department of Treasury</b>		<u>596,090</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Pass-through General Land Office:			
<i>Community Development Block Grants</i>	19-076-048-B701	14.228	\$ 18,183
<i>Community Development Block Grants</i>	20-066-014-C106	14.228	17,100
<i>Community Development Block Grants</i>	19-076-048-B701	14.228	17,817
	<b>Total U.S. Department of Housing and Urban Development</b>		<u>53,100</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Pass-through Texas Division of Emergency Management:			
<i>Disaster Grants - Public Assistance</i>	91468	97.036	\$ 8,108
	<b>Total U.S. Department of Homeland Security</b>		<u>8,108</u>
<b>DELTA REGIONAL AUTHORITY, DENALI COMMISSION, ELECTION ASSISTANCE COMMISSION</b>			
Pass-through Texas State Comptroller:			
<i>2018 HAVA Election Security Grants</i>	TX18101001-01-144	90.404	136,318
	<b>Total Delta Regional Authority, Denali Commission, Election Assistance Commission</b>		<u>136,318</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Direct Award: State Criminal Alien Assistance Program</i>	TX1810400	16.606	9,068
<i>Direct Award: The Bulletproof Vest Partnership Program</i>	n/a	16.607	4,835
	<b>Total U.S. Department of Justice</b>		<u>13,903</u>
	<b>TOTAL PROGRAMS</b>		<u>\$ 807,519</u>

The accompanying notes are an integral part of this Schedule.

# Lee County, Texas

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

### **Note 1: BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sachse, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Cost Principles for Federal Awards (the Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

### **Note 2: INDIRECT COST RATE**

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