

GOLIAD COUNTY, TEXAS

AUDIT OF SINGLE FINANCIAL STATEMENT

BALANCE SHEET

As of September 30, 2019

HARRISON, WALDROP & UHEREK, L.L.P.

Certified Public Accountants

101 S. Main, Suite 400 * Victoria, Texas 77901

(361) 573-3255

HWU



CPA

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditors' Report	1
<u>Financial Statement</u>	
Fund Financial Statement	
Balance Sheet - Governmental Funds	3
Notes to Financial Statement	5
OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of a Single Financial Statement Performed in Accordance With <i>Government Auditing Standards</i>	12
Schedule of Findings	14

FINANCIAL SECTION

HARRISON WALDROP & UHEREK, LLP



CERTIFIED PUBLIC ACCOUNTANTS
101 S. MAIN, SUITE 400
VICTORIA, TEXAS 77901-8142

STEPHEN W. VAN MANEN, CPA
DENNIS C. CIHAL, CPA
ERIC L. KUCERA, CPA
CLAYTON P. VAN PELT, CPA
ROBERT W. SCHAAR, CPA
MELISSA M. TERRY, CPA

VOICE: (361) 573-3255
FAX: (361) 573-9531

INDEPENDENT AUDITORS' REPORT

The Honorable County Judge and
Members of the Commissioners' Court
Goliad County, Texas

Report on the Financial Statement

We have audited the accompanying balance sheet of Goliad County, Texas (the "County") as of September 30, 2019, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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 the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit 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. Those standards 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 statements. The procedures selected depend on the auditor's 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

The Honorable County Judge and
Members of the Commissioners' Court
Goliad County, Texas

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Harrison, Waldrop & Uherek, LLP

HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

May 18, 2020

Financial Statement

GOLIAD COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019

	General Fund	Road and Bridge Regular Precinct #1	Road and Bridge Regular Precinct #2	Road and Bridge Regular Precinct #3
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,765,810	\$ 172,085	\$ 672,853	\$ 1,456,320
Receivables				
Taxes receivable (net)	365,635	29,150	40,315	53,515
Fines receivable (net)	121,861	-	-	-
Due from other governments	-	9,179	9,179	9,179
Total assets	<u>\$ 2,253,306</u>	<u>\$ 210,414</u>	<u>\$ 722,347</u>	<u>\$ 1,519,014</u>
LIABILITIES				
Accounts payable	\$ 156,345	\$ 69,137	\$ 118,046	\$ 53,580
Accrued expenditures	88,039	4,630	3,079	3,342
Due to other governments	20,776	-	-	-
Total liabilities	<u>265,160</u>	<u>73,767</u>	<u>121,125</u>	<u>56,922</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	365,635	29,150	40,315	53,515
Unavailable revenue - assessed fines	121,861	-	-	-
Total deferred inflows of resources	<u>487,496</u>	<u>29,150</u>	<u>40,315</u>	<u>53,515</u>
FUND BALANCES				
Restricted	-	107,497	560,907	1,408,577
Unassigned	1,500,650	-	-	-
Total fund balances	<u>1,500,650</u>	<u>107,497</u>	<u>560,907</u>	<u>1,408,577</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 2,253,306</u>	<u>\$ 210,414</u>	<u>\$ 722,347</u>	<u>\$ 1,519,014</u>

The accompanying notes are an integral part of this statement.

Road and Bridge Regular Precinct #4	Road and Bridge Special Precinct #1	Road and Bridge Special Precinct #2	Road and Bridge Special Precinct #3	Road and Bridge Special Precinct #4	Other Governmental Funds	Total Governmental Funds
\$ 1,063,554	\$ 26,953	\$ 249,101	\$ 319,648	\$ 219,276	\$ 911,490	\$ 6,857,090
49,335	4,911	6,787	9,013	8,311	-	566,972
-	-	-	-	-	-	121,861
9,179	-	-	-	-	6,769	43,485
<u>\$ 1,122,068</u>	<u>\$ 31,864</u>	<u>\$ 255,888</u>	<u>\$ 328,661</u>	<u>\$ 227,587</u>	<u>\$ 918,259</u>	<u>\$ 7,589,408</u>
\$ 1,080	\$ -	\$ -	\$ 9,234	\$ -	\$ 22,077	\$ 429,499
4,113	-	-	-	-	5,361	108,564
-	-	-	-	-	42,192	62,968
5,193	-	-	9,234	-	69,630	601,031
49,335	4,911	6,787	9,013	8,311	-	566,972
-	-	-	-	-	-	121,861
49,335	4,911	6,787	9,013	8,311	-	688,833
1,067,540	26,953	249,101	310,414	219,276	1,744,781	5,695,046
-	-	-	-	-	(896,152)	604,498
1,067,540	26,953	249,101	310,414	219,276	848,629	6,299,544
<u>\$ 1,122,068</u>	<u>\$ 31,864</u>	<u>\$ 255,888</u>	<u>\$ 328,661</u>	<u>\$ 227,587</u>	<u>\$ 918,259</u>	<u>\$ 7,589,408</u>

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Goliad County, Texas (the "County") is a political subdivision of the State of Texas. The County was organized in 1836. The County is governed by the Commissioners' Court, which is composed of four (4) County Commissioners and the County Judge, all of whom are elected officials. The County provides services related to the following: public safety (fire, ambulance, and law enforcement), health and welfare, culture and recreation, conservation (agriculture), public facilities, judicial and legal, election functions, and general and financial administrative services.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the County's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Under these guidelines, the reporting entity consists of the primary government (all funds of the County), organizations for which the primary government is financially accountable, organizations for which the primary government is not financially accountable, organizations that raise and hold economic resources for the direct benefit of the primary government, and any other organization for which the nature and significance of their relationship with the primary government is such that exclusion could cause the County's financial statements to be misleading or incomplete. Entities other than the primary government that are included in the primary government's financial statements are called component units. No legally separate organization met the necessary criteria for inclusion as component units.

B. Fund Financial Statements

Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are not included in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, fines, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when received by the County.

The 2018 tax levy is dedicated to pay for expenditures of the 2019 budget.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

The County reports the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The Road and Bridge Funds are constitutional funds established to account for current funds used for the purpose of constructing and maintaining roads and bridges. They are Special Revenue Funds as described below. The principal sources of revenues for these funds are ad valorem taxes, vehicle registrations, and intergovernmental revenues. The County is divided into four precincts, each of which is administered by one of the four County Commissioners. Each precinct has a separate budget for the construction and maintenance of roads and bridges in the precinct.

Additionally, the County reports the following nonmajor governmental funds:

The Special Revenue Funds account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Commissioners' Court has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995. The investments of the County are in compliance with the Commissioners' Court's investment policies. The County may invest its excess funds in any instruments authorized by the Public Funds Investment Act of Texas. Investments authorized under this act include, but are not limited to, the following: Obligations of the United States; other obligations which are unconditionally guaranteed or backed by the full faith and credit of the State of Texas or the United States; certificates of deposit which are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC); and certain repurchase agreements.

E. Compensated Absences

Vacation benefits are accrued by County employees according to guidelines set in the County's personnel policy. This policy states that after completion of 90 days of service, each employee will thereafter accrue vacation according to the number of years of continuous service. Upon termination, employees are paid for any unused granted vacation up to the maximum amount they may accrue in one year. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Full-time employees are credited with a minimum of 3.08 hours of sick leave per pay period. Sick days may be accumulated up to a maximum of 60 working days (480 hours). County personnel policies state that unused sick leave benefits will not be paid to employees upon termination; therefore, no sick leave benefits are accrued.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Deferred Inflows of Resources

This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from property taxes and fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

G. Fund Equity

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," (the "Statement") was issued in February 2009. This Statement eliminates the requirement to report governmental fund balances as reserved, unreserved, or designated. It replaces those categories with five possible classifications of governmental fund balances - nonspendable, restricted, committed, assigned, and unassigned. This Statement also redefines the governmental funds for clarity and to be consistent with these new fund balance classifications. The provisions of this Statement are effective for periods beginning after June 15, 2010. The County did not adopt a new fund balance policy in accordance with GASB Statement No. 54 during fiscal year 2019. This Statement did not have an impact on the County's functions, financial position or results of operations.

Fund balances of Governmental Funds classified as nonspendable are balances that are not in spendable form (such as inventory or prepaid items) because they are either not in spendable form, or legally or contractually required to be maintained in-tact. Fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws and regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed, modified, and rescinded by the Commissioners' Court through a resolution or by other formal action. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the County Auditor based on Commissioners' Court direction. Fund balances classified as unassigned are those amounts that are available for any purpose.

For the classification of Governmental Fund balances, the County considers expenditures to be made from the most restrictive first when more than one classification is available.

H. Use of Estimates

The preparation of the fund financial statements in conformity with generally accepted accounting principles requires the County to make estimates and assessments that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

As of September 30, 2019, the following funds had a deficit fund equity balance:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Nonmajor Fund	
County Clerk Records Management	\$ 112,863
Building Maintenance	662,325
Employee Morale	90
EMS Donation	120,874
	<u>\$ 896,152</u>

These deficits will be eliminated by fund transfers or future revenue sources.

NOTE 3: DEPOSITS AND INVESTMENTS

The County's cash deposits include amounts in demand deposits and certificates of deposit and are held by several financial institutions.

Depository accounts	\$ 4,640,267
Plus:	
Cash on hand	5,821
UBS money market	958,283
Certificates of deposit	<u>1,252,719</u>
Total cash and cash equivalents	<u>\$ 6,857,090</u>

The County has no investments at year-end other than the money market funds and certificates of deposits that are considered cash equivalents.

A. Interest Rate Risk

In accordance with the County's investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio for investments to less than five years from the time of purchase.

B. Credit Risk

It is the County's policy to limit its investments to those with ratings of not less than A or its equivalent. The County's investments have a S&P Global credit rating of AAA.

C. Concentration of Credit Risk

The investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the County was not exposed to concentration of credit risk.

NOTE 3: DEPOSITS AND INVESTMENTS - (Continued)

D. Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the County by the depository in an amount equal to at least 102% of the carrying value of deposits held. At year-end, all deposits held in the depository bank were fully collateralized and therefore the County was not exposed to custodial credit risk.

E. Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy requires that securities be held in the name of the County or held on behalf of the County and that all securities are purchased using the delivery versus payment method. At year-end, and for the year then ended, the County was not exposed to any custodial credit risk.

NOTE 4: RECEIVABLES

Receivables at year-end for the County's General Fund and nonmajor funds in the aggregate, including the applicable allowances, for uncollectible accounts are as follows:

	General	Road and Bridge Regular All Precincts	Road and Bridge Special All Precincts	Total
Gross receivables				
Ad valorem taxes	\$ 384,879	\$ 181,385	\$ 30,549	\$ 596,813
Fines	1,218,615	-	-	1,218,615
Total gross receivables	1,603,494	181,385	30,549	1,815,428
Less: allowances	(1,115,998)	(9,070)	(1,527)	(1,126,595)
Total net receivables	<u>\$ 487,496</u>	<u>\$ 172,315</u>	<u>\$ 29,022</u>	<u>\$ 688,833</u>

The County's governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At year-end, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
General Fund			
Taxes receivable	\$ 365,635	\$ -	\$ 365,635
Fines receivable	121,861	-	121,861
Road and Bridge Regular - All Precincts			
Taxes receivable	172,315	-	172,315
Road and Bridge Special - All Precincts			
Taxes receivable	29,022	-	29,022
	<u>\$ 688,833</u>	<u>\$ -</u>	<u>\$ 688,833</u>

NOTE 4: RECEIVABLES - Continued

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on October 1st and payable by the following January 31st. The Goliad County Tax Assessor-Collector bills and collects its own property taxes.

The Texas Constitution (Art. VIII, Sec. 9) imposes a limit of \$0.80 per \$100 assessed valuation for Operating Fund purposes (Jury, General, Permanent Improvement, and Road and Bridge Funds), including debt service for Permanent Improvement Bonds and Certificates of Indebtedness. For the 2018 tax roll, the County set the tax rate at \$0.795000 per \$100 for the Maintenance and Operations Fund. This includes the Road and Bridge special tax rate of \$0.150000 per \$100. The County distributes tax revenue to the precincts based on miles of roads in each precinct. The tax rate resulted in a current year tax levy of \$6,568,213.

NOTE 5: DUE FROM OTHER GOVERNMENTS

Various funds of the County reported amounts due from other governments as of September 30, 2019. These amounts are comprised of the following:

	Road and Bridge Regular All Precincts	Nonmajor	Total
State road funds	\$ 36,716	\$ -	\$ 36,716
Federal grants	-	6,769	6,769
	<u>\$ 36,716</u>	<u>\$ 6,769</u>	<u>\$ 43,485</u>

NOTE 6: SIGNIFICANT TAXPAYER

The County's largest taxpayer accounted for approximately 21 percent of the total 2018 taxable appraised value. No delinquent amounts from this taxpayer existed as of September 30, 2019.

NOTE 7: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchased commercial insurance to cover risks associated with potential claims. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE 8: COMMITMENTS AND CONTINGENCIES

The County is exposed to the risk of contingent liabilities in the ordinary course of its operations. Specifically, such risks arise as a result of the County's participation in various state and federal grant programs and as a result of threatened and pending litigation. Disallowed costs could result if County expenditures made under its grants programs are found to be improper in that they violate state or federal regulations. Such disallowed costs would have to be paid back to the granting agency from the County's General Fund. The County is not aware of any costs that have been disallowed in the current year and does not anticipate that any will be.

Based on the above information, the accompanying financial statement does not reflect any accrual for contingent liabilities as of the end of the current fiscal year.

NOTE 9: FUND BALANCES

The following is a detail of the governmental fund balances as of September 30, 2019:

	<u>Restricted</u>	<u>Unassigned</u>	<u>Total</u>
General			
Unassigned	\$ -	\$ 1,500,650	\$ 1,500,650
Road and Bridge Regular - All Precincts			
Road and bridge	3,144,521	-	3,144,521
Road and Bridge Special - All Precincts			
Road and bridge	805,744	-	805,744
Nonmajor Governmental			
Unassigned	-	(896,152)	(896,152)
Courts	209,420	-	209,420
Health and welfare	673,599	-	673,599
Public safety	415,111	-	415,111
Public works	446,651	-	446,651
	<u>\$ 5,695,046</u>	<u>\$ 604,498</u>	<u>\$ 6,299,544</u>

NOTE 10: SUBSEQUENT EVENT

There were no events, which occurred subsequent to fiscal year-end and prior to the issuance of this report, which would have a material effect on the County's financial position as of September 30, 2019.

OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION



CERTIFIED PUBLIC ACCOUNTANTS
101 S. MAIN, SUITE 400
VICTORIA, TEXAS 77901-8142

STEPHEN W. VAN MANEN, CPA
DENNIS C. CIHAL, CPA
ERIC L. KUCERA, CPA
CLAYTON P. VAN PELT, CPA
ROBERT W. SCHAAR, CPA
MELISSA M. TERRY, CPA

VOICE: (361) 573-3255
FAX: (361) 573-9531

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF A SINGLE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

The Honorable County Judge and
Members of the Commissioners' Court
Goliad 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 balance sheet of Goliad County, Texas (the "County") as of and for the year ended September 30, 2019, and the related notes to the financial statement, and have issued our report thereon dated May 18, 2020.

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 opinion on the financial statement, 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, we did identify certain deficiencies in internal control described in the accompanying schedule of findings 2019-1 and 2019-2 to be significant deficiencies.

The Honorable County Judge and
Members of the Commissioners' Court
Goliad County, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is 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 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 that are required to be reported under *Government Auditing Standards*.

County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings. The County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

May 18, 2020

GOLIAD COUNTY, TEXAS
SCHEDULE OF FINDINGS
September 30, 2019

Finding 2019-1

Condition: Overall controls over the general ledger were not functioning.

Criteria: Controls should be in place to ensure the general ledger accurately reflects all of the transactions of the County at the proper amounts, in the proper funds/accounts, and in the proper period.

Effect: Material adjustments were needed in multiple funds of the County to accurately reflect the activity for the year in compliance with GAAP requirements.

Recommendation: Appropriate personnel need to receive thorough training on how to read the general ledger and related financial statements to ensure transactions are properly recorded in the correct period, at the correct amounts, and in the correct funds/accounts.

Finding 2019-2

Condition: Cash was not reconciled at year end and at various times during the year.

Criteria: Good internal controls must include reconciling cash accounts every month and in a timely manner.

Effect: Material errors were noted in the general ledger.

Recommendation: Cash reconciliations should be a priority every month and prepared in a timely manner. If unable to complete, assistance should be sought immediately before moving to the next month reconciliation.

County's Response

The County's Corrective Action Plan to address the condition is to review and improve the County's current general ledger reconciliation procedures.

The County's auditor, Rusty Friedrichs, will be responsible for ensuring that the Corrective Action Plan is implemented.