

WALLER COUNTY, TEXAS
SINGLE AUDIT REPORTS AND SCHEDULES
FOR FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

WALLER COUNTY, TEXAS
Single Audit Reports and Schedules for Federal and State Awards
Year Ended December 31, 2022
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INDEPENDENT AUDITORS' REPORT ON THE SCHEDULES
OF EXPENDITURES OF FEDERAL AND STATE AWARDS

The Honorable Judge and County Commissioners
Waller County
Hempstead, Texas

Report on the Audit of the Schedules of Expenditures of Federal and State Awards

Opinion on Each Major Federal and State Program

We have audited the schedule of expenditures of federal and state awards of Waller County, Texas (the "County") for the year ended December 31, 2022, and the related notes (the schedule).

In our opinion, the accompanying schedules of expenditures of federal and state awards present fairly, in all material respects, the expenditures of federal and state awards of the County for the year ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Uniform Grant Management System* (UGMS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Federal and State Schedules

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

Auditors' Responsibilities for the Audit of the Federal and State Schedules

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and UGMS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Putledge Crain & Company, PC

September 12, 2023

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
Waller County
Hempstead, 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, as applicable, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waller County, Texas (the "County"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 12, 2023.

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.

Rutledge Orrin & Company, PC

September 12, 2023

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

The Honorable Judge and County Commissioners
Waller County
Hempstead, Texas

Report on Compliance for Each Major State Program

We have audited Waller 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 federal and state programs for the year ended December 31, 2022. The County's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. 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 its major federal and state programs for the year ended December 31, 2022.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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; 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 federal and 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 or state program. However, our audit does not provide a legal determination of the 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 December 31, 2022.

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 and 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 and 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 Schedules of Expenditures of Federal and 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 December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 12, 2023, 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 schedules of expenditures of federal and state awards are 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 schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Brittledge Curran & Company, PC
September 12, 2023

WALLER COUNTY, TEXAS
Schedule of Prior Audit Findings for Federal and State Awards
December 31, 2022

Not applicable

WALLER COUNTY, Texas
Schedule of Findings and Questioned Costs for Federal and State Awards
For the Year Ended December 31, 2022

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 Waller County, Texas were disclosed during the audit.

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

The auditors' report on compliance for the major federal and state award programs for Waller 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:

Federal

CFDA #21.027 American Relief Plan Act (ARPA)

State

Reimburse Suitable Voting Machines (RAVM)

The threshold used to distinguish between Type A and Type B federal and 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 Federal and State Awards

No findings to be reported.

Prior Year Financial Statement, Federal and State Award Findings and Questioned Costs

N/A

Corrective Action Plan

N/A

WALLER COUNTY, TEXAS
Corrective Action Plan for Federal and State Awards
December 31, 2022

Not applicable

WALLER COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31,2022

Federal Grant /Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Audit Period Receipts	Passed Through to Subrecipients	Current Period Expenditures
Direct Grants					
<u>U. S. Department of Justice</u>					
<i>Passed Through Office of the Governor, Criminal Justice Division</i>					
State Criminal Alien Assistance Program	16.606	2019	\$ -	\$ -	\$ -
State Criminal Alien Assistance Program	16.606	2020	-	-	7,681
State Criminal Alien Assistance Program	16.606	2021	-	-	-
Gulf States Law Enforcement Technology Initiative	16.843	2020-RZ-BX-0003	4,766	-	-
Equitable Sharing Agreement and Certification	16.922	TX2370000	222,325	-	48,361
Total U. S. Department of Justice			<u>227,091</u>	<u>-</u>	<u>56,042</u>
<u>United States Department of the Treasury</u>					
American Relief Plan Act	21.027	NA	5,365,444	-	2,912,020 #
Total U. S. Department of the Treasury			<u>5,365,444</u>	<u>-</u>	<u>2,912,020</u>
Total Federal Direct Grants			<u>5,592,535</u>	<u>-</u>	<u>2,968,062</u>
Indirect Grants					
Highway Safety Cluster					
<u>United States Department of Transportation</u>					
<i>Passed Through Texas Dept of Transportation</i>					
State and Commuity Highway Safety - STEP CMV	20.600	2023-WallerCOCO-S-CMV-00029	-	-	1,613
State and Commuity Highway Safety - STEP COMPREHENSIVE	20.600	2023-WallerCOCO-S-1YG-00094	-	-	3,616
Total U. S. Department of Transportation			<u>-</u>	<u>-</u>	<u>5,229</u>
Total Federal Cluster Grants			<u>-</u>	<u>-</u>	<u>5,229</u>
Other Indirect Federal Grants					
<u>U. S. Department of Housing and Urban Development</u>					
<i>Passed Through Texas General Land Office</i>					
Community Development Block Grant (GLO) Harvey Buyout Program	14.228	20-066-011-C074	233,505	-	338,380
Harvey Infrastructure Program	14.228	20-065-062-C180	798,991	-	48,035
Total U. S. Department of Housing and Urban Development			<u>1,032,496</u>	<u>-</u>	<u>386,415</u>
<u>United States Department of Justice</u>					
<i>Passed Through Office of the Gov - CJD</i>					
Victims of Crime Act Formula Grant Program	16.575	2020-V2-GX-0004	21,300	-	21,300
Coronavirus State Fiscal Recover Fund - Victims of Crime - SB8	21.027	2021-CS-21027	5,592	-	16,043
Total U. S. Department of the Justice			<u>26,892</u>	<u>-</u>	<u>37,343</u>
<u>U. S Dept. of Health and Human Services</u>					
<i>Passed Through Texas Attorney General</i>					
Title IV-D - Child Support Enforcement - Dist Clerk	93.563		28,494	-	25,926
Total U. S. Dept. of Health and Human Services			<u>28,494</u>	<u>-</u>	<u>25,926</u>
<u>U.S. Dept. of Homeland Security</u>					
<i>Passed Through Office of the Gov - TDEM</i>					
Waller County COVID-19 Testing	97.036	PA-06-TX-4885	96,634	-	-
Waller County COVID-19 Mitigation Expenses	97.036	PA-06-TX-4885	-	-	-
<i>Passed Through Office of the Gov - HSGD</i>					
Homeland Security Grant Program - Emerg Mgmt Radios	97.067	EMW-2021-SS-00062	57,337	-	57,337
Total Department of Homeland Security			<u>153,971</u>	<u>-</u>	<u>57,337</u>
Total Indirect Federal Grants			<u>1,241,853</u>	<u>-</u>	<u>512,250</u>
TOTAL FEDERAL GRANTS			<u>\$ 6,834,388</u>	<u>\$ -</u>	<u>\$ 3,480,312</u>

- Major Fund

WALLER COUNTY, TEXAS
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2022

State Grantor/Program	Grant ID No.	Audit Period Receipts	Passed Through to Subrecipients	Current Period Expenditures
<u>Texas Water Development Board</u>				
Flood Infrastructure Fund (FIF Brazos River Study)	PN 3806	\$ -	\$ -	\$ 86,160
Flood Infrastructure Fund (FIF Spring Creek Study)	PN 13807	-	-	128,537
HGAC Regional Mental Health Services	8044	6,000	-	6,000
<u>Texas Juvenile Justice Department</u>				
Grant R	SA-2022-00152	31,489	-	31,489
<u>Office of the Texas Attorney General</u>				
SAVNS Maintenance Grant (9/1/2021 - 8/31/2022)	2219665	13,944	-	7,747
SAVNS Maintenance Grant (9/1/2022 - 8/31/2023)	C-00426	4,648	-	4,648
<u>Texas Indigent Defense Commission</u>				
Formula Grant Program	212-22-237	53,703	-	53,703
MVCPA Auxiliary License Plate Reader System (ALPR)	608-22-2370000	-	-	20,000
<u>Texas Secretary of State</u>				
RAVM (Reimburse Auditable Voting Machines)	RAVM-237	574,525	-	574,525 #
		<u>\$ 684,309</u>	<u>\$ -</u>	<u>\$ 912,809</u>

- Major Fund

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedules of Expenditures of Federal and State Awards presents the activity of all federal and state award programs of Waller County, Texas (the "County").

Basis of Accounting

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

B - 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 at December 31, 2022 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.

C – Reconciliation of U. S. Treasury State and Local Financial Recovery Fund Reports to SEFA

SLFRF reports are required to be reported by the end of the month following the end of a calendar quarter. The county's internal financial reports are made on the cash basis with an adjustment to GAAP basis for annual financial reporting on the SEFA.

<u>Reported Grant Expenditures</u>	<u>2021</u>	<u>2022</u>
SLFRF - Cash Basis	\$ 300,895	\$ 2,567,083
Timing difference - GAAP vs. Cash	<u>174,138</u>	<u>344,937</u>
SEFA - GAAP Basis	<u>\$ 475,033</u>	<u>\$ 2,912,020</u>