

WALLER COUNTY, TEXAS
SINGLE AUDIT REPORTS AND SCHEDULES
FOR FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

WALLER COUNTY, TEXAS
Single Audit Reports and Schedules for Federal Awards
Year Ended December 31, 2023
Table of Contents

	<u>Page</u>
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards	1
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 <i>Government Auditing Standards</i>	3
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>	5
Schedule of Prior Audit Findings	8
Schedule of Findings and Questioned Costs	9
Corrective Action Plan	10
Schedule of Expenditures of Federal Awards	11
Notes to Schedules of Expenditures of Federal Awards	12

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULES
OF EXPENDITURES OF FEDERAL AWARDS

The Honorable Judge and County Commissioners
Waller County
Hempstead, Texas

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

Opinion

We have audited the schedule of expenditures of federal awards of Waller County, Texas (the "County") for the year ended December 31, 2023, and the related notes (the schedule)

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards of the County for the year ended December 31, 2023, 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). 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 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 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, 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.

Rutledge Cain & Company, PC

July 25 2024

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, 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 25, 2024.

Report on 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.

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

Rutledge Crain & Company, PC

July 25, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

The Honorable Judge and County Commissioners
Waller County
Hempstead, Texas

Report on Compliance for Each Major State Program

Opinion on Each Major Federal Program

We have audited Waller County, Texas' (the "County") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2023. The County's major federal 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 programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards, the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Puttledge Crain & Company, PC

July 25, 2024

WALLER COUNTY, TEXAS
Schedule of Prior Audit Findings for Federal Awards
December 31, 2023

Not applicable

WALLER COUNTY, Texas
Schedule of Findings and Questioned Costs for Federal Awards
For the Year Ended December 31, 2023

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 award programs were disclosed during the audit.

The auditors' report on compliance for the major federal 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*.

The programs tested as major programs included:

CFDA #21.027 Coronavirus State and Local Fiscal Recovery Funds

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

No findings to be reported.

Prior Year Financial Statement, Federal Award Findings and Questioned Costs

N/A

Corrective Action Plan

N/A

WALLER COUNTY, TEXAS
Corrective Action Plan for Federal Awards
December 31, 2023

Not applicable

WALLER COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

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>United States Department of the Treasury</u>						
Coronavirus State Fiscal Recover Fund - Victims of Crime - SB8	21.027	NA	\$ -	\$ -	\$ 2,084,205	#
Total U. S. Department of the Treasury			-	-	2,084,205	
<u>United States Department of Justice</u>						
State Criminal Alien Assistance Program (SCAAP) - 2022	16.006	NA	18,937	-	4,166	
State Criminal Alien Assistance Program (SCAAP) - 2023	16.006	NA	-	-	5,502	
Equitable Sharing Agreement and Certification	16.922	NA	121,751	-	77,951	
Total U. S. Department of the Treasury			140,688	-	87,619	
Total Federal Direct Grants			140,688	-	2,171,824	
Indirect Grants						
Highway Safety Cluster						
<u>United States Department of Transportation</u>						
<u>Passed Through Texas Dept of Transportation</u>						
State and Commuity Highway Safety - STEP CMV	20.600	2023-WallerCOCO-S-CMV-00029	6,125	-	5,100	
State and Commuity Highway Safety - STEP COMPREHENSIVE	20.600	2023-WallerCOCO-S-1YG-00094	21,978	-	19,053	
State and Commuity Highway Safety - STEP CMV	20.600	2024-WallerCOCO-S-CMV-00029	-	-	3,310	
State and Commuity Highway Safety - STEP COMPREHENSIVE	20.600	2024-WallerCOCO-S-1YG-00094	-	-	3,536	
Total U. S. Department of Transportation			28,103	-	30,999	
Total Federal Cluster Grants			28,103	-	30,999	
Other Indirect Federal Grants						
<u>U. S. Department of Housing and Urban Development</u>						
<u>Passed Through Texas General Land Office</u>						
Community Development Block Grant (GLO)						
Harvey Buyout Program	14.228	20-066-011-C074	352,704	-	248,079	
Harvey Infrastructure Program	14.228	20-065-062-C180	328,596	-	106,171	
Total U. S. Department of Housing and Urban Development			681,300	-	354,250	
<u>Passed Through Office of the Gov - CJD</u>						
Victims of Crime Act Formula Grant Program	16.575	2021-CS-21027	50,854	-	42,793	
Victims of Crime Act Formula Grant Program	16.575	2020-V2-GX-0004	50,854	-	12,197	
Total U. S. Department of the Justice			101,708	-	54,990	
Total Indirect Federal Grants			811,111	-	440,239	
TOTAL FEDERAL GRANTS			\$ 951,799	\$ -	\$ 2,612,063	

- Major Fund

WALLER COUNTY, TEXAS
Notes to Expenditures of Federal Awards
December 31, 2023

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

Basis of Accounting

The accompanying Schedules of Expenditures of Federal 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>	<u>2023</u>	<u>Cumulative</u>
SLFRF - Cash Basis	\$ 300,895	\$ 2,567,083	\$ 2,431,828	\$ 5,299,806
Timing difference - Cash vs. GAAP	<u>174,138</u>	<u>344,937</u>	<u>(347,623)</u>	<u>171,452</u>
SEFA - GAAP Basis	<u>\$ 475,033</u>	<u>\$ 2,912,020</u>	<u>\$ 2,084,205</u>	<u>\$ 5,471,258</u>