

FAYETTE COUNTY, TEXAS

SINGLE AUDIT REPORTS AND SCHEDULES

**FOR THE CALENDAR YEAR ENDED
DECEMBER 31, 2023**

**FAYETTE COUNTY, TEXAS
SINGLE AUDIT REPORTS AND SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S 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*

Honorable County Judge and
Commissioners' Court
Fayette County, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fayette 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 September 16, 2024.

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 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

This 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.

Stephenson, Lex Grand & Pfeil, PLLC

Wharton, Texas
September 16, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Honorable County Judge and Commissioners' Court
Fayette County, Texas

Report on Compliance for Each Major Federal Program

We have audited Fayette County, Texas' (the "County") compliance with the types of compliance requirements described 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 auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal 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 programs for the year ended December 31, 2023.

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 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 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 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 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.

Report on Schedule of Expenditures of Federal Awards Required by *Uniform Guidance*

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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 16, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 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 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 financial statements or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Wharton, Texas
September 16, 2024

**FAYETTE COUNTY, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023**

<u>PROGRAM</u>	<u>FINDING/NONCOMPLIANCE</u>	QUESTIONED <u>COSTS</u>
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There were no prior audit findings.

FAYETTE COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness identified? yes x no

Reportable conditions identified that are not considered to be material weaknesses? yes x none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the federal Uniform Guidance? yes x no

Identification of major programs:

CFDA Numbers Name of Federal Program or Cluster

21.019 American Rescue Plan
 14.228 Texas CDBG-West Point Wastewater Systems

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

**FAYETTE COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

SECTION II - FINANCIAL STATEMENT FINDINGS

Prior Year:

There were no findings reported in the prior year.

Current Year:

There are no findings reported for the year ended December 31, 2023.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Prior Year:

There were no findings reported in the prior year.

Current Year:

There were no findings reported for the year ended December 31, 2023.

**FAYETTE COUNTY, TEXAS
CORRECTIVE ACTION PLAN
DECEMBER 31, 2023**

PROGRAM

CORRECTIVE ACTION PLAN

Not applicable.

FAYETTE COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Federal Grant/ Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Current Period Expenditures</u>
FEDERAL GRANTS			
Indirect Grants			
U.S. Department of Health and Human Services			
Passed through Texas Department of Emergency Management			
Foster Care Title IVD	93.658	746001544	2,046
Total U.S. Department of Health and Human Services			<u>2,046</u>
U.S. Department of Justice			
Passed through Office of Justice Programs			
Bulletproof Vest Partnership (BVP) Grant	16.607	746001544	1,975
Passed through Justice Asset Forfeiture Program			
Equitable Sharing Agreement	16.922	746001544	63,866
Total			<u>65,841</u>
U.S. Department of Housing and Urban Development			
Passed through Texas General Land Office			
Community Development Block Grant-Buyout	97.036	20-066-010-C063	391,383
Community Development Block Grant-Housing & Infrastructure	97.036	20-065-028-CO91	15,245
Total U.S. Department of Housing and Urban Development			<u>406,628</u>
U.S. Department of the Treasury			
Passed through Texas Department of Emergency Management			
American Rescue Plan	21.019	746001544	1,780,222
Total U.S. Department of the Treasury			<u>1,780,222</u>
Total Federal Financial Assistance - Current Period Expenditures			<u>2,254,737</u>
 State Grant/ Pass-Through Grantor/Program Title			
STATE GRANTS			
Office of Court Adm.-Indigent Defense Services			31,794
Texas Department of Transportation-Routine Airport Maint. Program			16,173
Texas Department of Transportation-Airport Improvements			79,500
State of Texas-Hazard Mitigation Grant			100,000
Texas Statewide Automated Victim Notification Service (SAVNS)			6,581
State of Texas-N.R.A. Foundation, Inc.			3,608
State of Texas-CAPCOG-PSAP 9-1-1 Recording System			1,000
State of Texas-CAPCOG-Solid Waste Grant			23,805
State of Texas-DHS-Tobacco Settlement Distribution			59,880
State of Texas-Master Drainage Plan Grant			2,000
State of Texas-CATRAC			14,322
State of Texas-CATRAC SB-8			16,000
State of Texas-Voter Registration - Chapter 10			1,924
State of Texas-Automatic License Plate Reader			20,930
State of Texas-Opioid Abatement			8,850
State of Texas-Hand Held X-Ray Image Camera			55,950
Total State Financial Assistance - Current Period Expenditures			<u>442,317</u>
Total Federal and State Financial Assistance - Current Period Expenditures			<u>\$ 2,697,054</u>

FAYETTE COUNTY, TEXAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2023

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal and State awards presents the activity of all federal and state award programs of Fayette County, Texas (the "County"). The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal and state awards received directly by the primary government from federal and state agencies, as well as federal and state awards passed through other government agencies, are included in the scope of the *Uniform Guidance* and are included on the Expenditures of Federal and State Awards.

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, which are described in Note 1 of the County's Annual Financial Report. For grants that permitted inclusion indirect costs, the County did not make an election to use the 10% de minimis indirect cost rate.

B - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying Schedules of Expenditures of Federal and State Awards may not agree with the amounts reported in the related federal and state financial reports filed with grantor agencies because those reports are filed on the cash basis.

C - 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, 2023 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.