

WASHINGTON COUNTY, TEXAS

FEDERAL SINGLE AUDIT REPORT
(WITH INDEPENDENT AUDITOR'S REPORTS)

PURSUANT TO
THE FEDERAL UNIFORM GUIDANCE

FOR THE YEAR ENDED
DECEMBER 31, 2024



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

WASHINGTON COUNTY, TEXAS
FEDERAL SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

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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 Judge, Members of Commissioners Court, and Citizens of
Washington 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 Washington County, Texas, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Washington County, Texas's basic financial statements and have issued our report thereon dated September 26, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington County, Texas'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 Washington County, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington County, Texas's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of finding and questioned costs as item 2024-001 that we consider a significant deficiency.

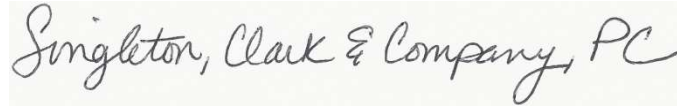
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington County, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

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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.

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Singleton, Clark & Company, PC
Cedar Park, Texas

September 26, 2025

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

Honorable Judge, Members of Commissioners Court, and Citizens of
Washington County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Washington County, Texas's 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 Washington County, Texas's major federal programs for the year ended December 31, 2024. Washington County, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Washington County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

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 and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Washington County, Texas 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 Washington County, Texas'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 Washington County, Texas's federal programs.

Auditor's 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 Washington County, Texas'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 Washington County, Texas'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*, and 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 Washington County, Texas'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 Washington County, Texas'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 Washington County, Texas'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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

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.

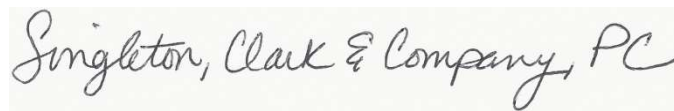
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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.

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

We have audited the financial statements of Washington County, Texas as of and for the year ended December 31, 2024, and have issued our report thereon dated September 26, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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.

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Singleton, Clark & Company, PC
Cedar Park, Texas

September 26, 2025

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WASHINGTON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	1 Federal ALN Number	2a Pass-Through Entity Identifying Number	3 Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
<u>Direct Programs</u>			
Coronavirus State and Local Fiscal Recovery Funds	21.019	N/A	\$ 2,020,477
TOTAL U.S. DEPARTMENT OF TREASURY			<u>2,020,477</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<u>Passed through Texas Division of Emergency Management</u>			
Disaster Grant - Public Assistance - DR4781 (Severe Storms, Straight-line Winds, Tornadoes and Flooding)	97.036	PA-06-TX-4781-PA-891	150,768
Total Passed Through Division of Emergency Management			<u>150,768</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>150,768</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 2,171,245</u></u>

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WASHINGTON COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. BASIS FOR PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) included the federal awards expenditures of Washington County, Texas (the “County”) under programs of the federal government for the year ended December 31, 2024. The information in the accompanying Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, change in net position, or cash flows of the County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified-accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available, and expenditures in the accounting period in which the fund liability incurred, if measurable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Federal award revenues are reported as intergovernmental revenues in the General Fund and Special Revenue funds in the County’s basic financial statements.

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

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WASHINGTON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☒ Yes ☐ No

2024-001 – Accounting and Financial Reporting (Significant Deficiency)

Noncompliance material to financial statements noted? ☐ Yes ☒ No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor’s report issued on compliance for major programs:

Coronavirus State and Local Fiscal Recovery Funds	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with federal Uniform Guidance?

☐ Yes ☒ No

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

Auditee qualified as low-risk auditee for federal programs? ☐ Yes ☒ No

ALN Number(s)	Name of Federal Program or Cluster	Federal Expenditures
21.019	Coronavirus State and Local Fiscal Recovery Funds	\$2,020,477

WASHINGTON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

2024-001	Financial Accounting and Reporting (Significant Deficiency)
Criteria:	Texas counties are responsible for establishing and maintaining internal controls designed to ensure that accounting records are properly recorded in accordance with generally accepted accounting principles and are available for timely external reporting.
Condition Found:	As a result of the financial audit, deficiencies were identified in areas related to inventory, payroll accruals, opening fund balances / net positions, and cash balances within the final year-end converted balances provided to the audit firm.
Cause:	The issues resulted from errors that occurred during the conversion process from the internal cash accounting to modified accrual at year end.
Effect:	As a result, a high number of audit-adjusting entries were needed to correct account balances to ensure accurate year-end financial reporting.
Recommendation:	We recommend the County strengthen its year-end closing procedures to accurately post calculated inventory and accruals at year-end, review reconciled cash balances, and review fund balances for proper rolling from prior year audited financial statements. Furthermore, we recommend the County switch its internal accounting system from cash basis to modified-accrual to limit any errors that may occur during a conversion at year-end.

Prior year financial statement findings to be restated with current status:

2023-001	Accounting Reconciliations and Adjustments (Material Weakness)
Criteria:	Management is responsible for ensuring that account balances are properly closed, rolled forward, reconciled and adjusted in a timely manner.
Condition:	The County lacked a formal process for closing the books at the end of each month and at year-end. During the audit, it was noted that management did not have adequate controls in place to allow for timely and accurate financial reporting, resulting in several audit adjustments. Audit adjustments were due to the following:

WASHINGTON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

- Inventory (for one fund), accounts receivable (for one fund), and retainage payable balances were not properly recognized,
- Grant revenue and deferred grant revenue was not properly recognized in accordance with the period of availability.
- User charges revenue for one fund was incorrectly recorded in the wrong fund.
- Capital assets depreciation did not agree to underlying schedules and capital asset estimates did not have appropriate support for the balances.

Cause: The County does not have formal procedures in place to reconcile all significant accounts to supporting documents and the general ledger at month and fiscal year end. As a result, amounts do not agree to underlying financial records and necessary adjustments had not been made.

Effect: As a result of the above:

- Inventory (for one fund), accounts receivable (for one fund), and retainage payable amounts were misstated.
- Deferred grant revenue were misstated.
- User charges were incorrectly applied to the wrong fund, causing a misstatement on the fund level. The Overall balance was correct.
- Capital assets and accumulated depreciation were misstated.

Recommendation: Crowe recommends to management:

- Establish Reconciliation Procedures: Develop and document formal reconciliation procedures for all financial significant accounting cycles and estimates.
- Documentation of Reconciliations: Ensure that all reconciliations are properly documented and maintained, including evidence of who performed and reviewed the reconciliation, the date it was completed, and any discrepancies identified and resolved.
- Review and Approval: Implement a process for independent review and approval of reconciliations and estimates by personnel other than those who performed the reconciliations.

Current Status: Certain control deficiencies of a similar nature were identified during the audit, the severity of these instances were reduced. Accordingly, the condition no longer constitutes a material weakness but is reported as a significant deficiency in the current year.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with federal Uniform Guidance.

No findings required to be reported in accordance with federal *Uniform Guidance* for the years ended December 31, 2024 and December 31, 2023.

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Shawna Hollis
Washington County Auditor

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2024**

Current Year Audit Findings:

2024-001 Accounting and Financial Reporting (Significant Deficiency)

Corrective Action Planned:

1. Year-End Closing Procedures

Develop and use a concise written year-end closing checklist covering inventory, cash reconciliations, and beginning fund balances/net position, with documented preparer and reviewer sign-offs.

2. Inventory Entries

Standardize year-end inventory adjustments using supporting reports and ensuring timely posting and review.

3. Cash and Beginning Balance Reconciliations

Perform and review monthly bank reconciliations, and at year-end reconcile cash and beginning fund balances/net position to prior year audited financial statements.

4. Modified Accrual Accounting (In Process)

Transition from cash basis to internal modified accrual accounting, including refinement of procedures, system configuration, and staff training to reduce year-end conversion entries and audit adjustments.

Anticipated Completion Date: December 31, 2025

Contact Person(s): Shawna Hollis, Washington County Auditor