

*SINGLE AUDIT REPORTS*

**Lee County, Texas**

**Fiscal Year Ended  
September 30, 2023**

**Lee County, Texas**  
**SINGLE AUDIT REPORTS**  
**Year Ended September 30, 2023**

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**BROOKSWATSON & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

**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**

*Independent Auditor's Report*

To the Honorable Judge and  
Members of the Commissioner's Court  
Lee 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lee County, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Lee County, Texas's basic financial statements, and have issued our report thereon dated September 11, 2024.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Lee County, Texas'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 Lee County, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of Lee 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Lee 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 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 did not identify any 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.

Respectfully,

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, professional style.

Brooks Watson & Co.  
14950 Heathrow Forest Pkwy | Ste 530  
Houston, TX 77032  
September 11, 2024



**BROOKSWATSON & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
IN ACCORDANCE WITH THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT  
STANDARDS AND THE UNIFORM GUIDANCE**

*Independent Auditor's Report*

To the Honorable Judge and  
Members of the Commissioner's Court  
Lee County, Texas:

**Report on Compliance for Each Major Federal and State Program**

*Opinion on Each Major Federal and State Program*

We have audited Lee County, Texas's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the State of Texas *Uniform Grants Management Standards* that could have a direct and material effect on each of Lee County, Texas's major Federal and State Programs for the year ended September 30, 2023. Lee County, Texas's major Federal and State Programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lee County, Texas complied, in all material respects, with the 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 September 30, 2023.

*Basis for Opinion on Each Major Federal and State Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 State of Texas *Uniform Grants Management Standards*. Our responsibilities under those standards, State of Texas *Uniform Grants Management 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 Lee 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 and State Program. Our audit does not provide a legal determination of Lee 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 Lee County, Texas's Federal and State 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 Lee 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 GAAS, *Government Auditing Standards*, and the State of Texas *Uniform Grants Management 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 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 Lee County, Texas's compliance with the requirements of each major Federal and State Program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the State of Texas *Uniform Grants Management 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 Lee 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 Lee 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 State of Texas *Uniform Grants Management Standards* and the Uniform Guidance,

but not for the purpose of expressing an opinion on the effectiveness of Lee 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.

### **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 and State 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 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 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 State of Texas *Uniform Grants Management Standards* and the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lee County, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise

the Lee County, Texas' basic financial statements. We issued our report thereon dated September 11, 2024, 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 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 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of, management, governing body, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, professional style.

BrooksWatson & Co.  
14950 Heathrow Forest Pkwy | Ste 530  
Houston, TX 77032  
September 11, 2024



**Lee County, Texas**  
***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***  
**For the Year Ended September 30, 2023**

**I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:**

**None.**

**Lee County, Texas**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended September 30, 2023**

**I. SUMMARY OF AUDITOR'S RESULTS:**

***Financial Statements***

Type of auditor's report issued:

The auditor's report on the basic financial statements of the County expresses an unmodified opinion.

Internal control over financial reporting:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Is any noncompliance material to financial statements noted?	___ Yes	_X_ No

***Federal and State Awards***

The auditor's report on compliance for major federal and state programs expresses an unmodified opinion.

Internal control over major program compliance:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	_X_ No
Are any audit findings disclosed that are required to be reported in accordance with State of Texas <i>Uniform Grant Management Standards</i> ?	___ Yes	_X_ No

**Lee County, Texas**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended September 30, 2023**

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus State and Local Fiscal Recovery

CFDA Number(s)	Name of State Program
N/A	Texas Historic Courthouse Preservation Program

Enter the dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Is the auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**II. FINANCIAL STATEMENT FINDINGS:**

**None.**

**III. FEDERAL AND STATE AWARDS FINDINGS:**

**None.**

**Lee County, Texas**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended September 30, 2023**

Federal Grantor/Pass-through Agency/Program Name	Program/Grant/ Project Number	CFDA Number	Expenditures
<b>U.S. DEPARTMENT OF TREASURY</b>			
Pass-through Texas Division of Emergency Management: <i>Coronavirus State and Local Fiscal Recovery</i>	2022	21.027	\$ 908,360
	<b>Total U.S. Department of Treasury</b>		<u>908,360</u>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
Pass-through Texas Division of Emergency Management <i>Hazard Mitigation Grant Program</i>	DR-4332-0145	97.039	75,500
Texas General Land Office <i>Community Development Block Grants</i>	20-065-124-C435	14.228	3,475
Pass-through Texas Department of Agriculture <i>Community Development Block Grants</i>	CDV-21-0421	14.228	11,893
Pass-through General Land Office: <i>Community Development Block Grants</i>	19-076-048-B701	14.228	148,143
	<b>Total Federal Emergency Management Agency</b>		<u>239,011</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Pass-through Texas Department of Transportation <i>National Priority Safety Program</i>	2023-LEECOSO-CIOT-RFR-00043	20.616	471
	<b>Total U.S. Department of Treasury</b>		<u>471</u>
	<b>TOTAL PROGRAMS</b>		<u>\$ 1,147,842</u>

The accompanying notes are an integral part of this Schedule.

# Lee County, Texas

## SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended September 30, 2023

State Grantor/State Agency/Program Name	Program/Grant/ Project Number	Expenditures
<b>STATE OF TEXAS</b>		
State Comptroller		
<i>Jury Reimbursement</i>	N/A	\$ 5,304
<i>Salary Supplement - County Judge</i>	N/A	25,200
<i>Salary Supplement - County Attorney</i>	N/A	27,500
	<b>Total State Comptroller</b>	58,004
 <b>STATE OF TEXAS</b>		
Office of the Governor		
<i>Bullet-Resistant Shield Grant</i>	N/A	46,145
	<b>Total Department of Public Safety</b>	46,145
 <b>STATE OF TEXAS</b>		
Office of the Court Administration		
<i>Indigent Defense Formula Grant Program</i>	17460009867	25,075
	<b>Total Office of the Court Administration</b>	25,075
 <b>STATE OF TEXAS</b>		
Office of Attorney General		
<i>Statewide Automated Victim Notification Service</i>	20222344900-430-01	5,594
	<b>Total Office of Attorney General</b>	5,594
 <b>STATE OF TEXAS</b>		
Office of Assistant Attorney General		
<i>Attorney Longevity</i>	N/A	2,500
	<b>Total Office of Attorney General</b>	2,500
 <b>STATE OF TEXAS</b>		
Department of Transportation		
<i>Lateral Road</i>	N/A	21,682
	<b>Total Department of Transportation</b>	21,682
 <b>STATE OF TEXAS</b>		
<i>Direct Award</i>		
<i>Texas Historic Courthouse Preservation Program</i>	N/A	828,104
	<b>Total</b>	828,104
	<b>TOTAL PROGRAMS</b>	\$ 987,105

The accompanying notes are an integral part of this Schedule.

# Lee County, Texas

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended September 30, 2023

### **Note 1: BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Lee County, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Cost Principles for Federal Awards (the Uniform Guidance) and the State of Texas Uniform Grant Management Standards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

### **Note 2: INDIRECT COST RATE**

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