

FANNIN COUNTY, TEXAS

SINGLE AUDIT REPORTS AND SCHEDULES
FOR FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

FANNIN COUNTY, TEXAS
Single Audit Reports and Schedules Awards
Year Ended September 30, 2023
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**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS**

The Honorable Judge and County Commissioners
Fannin County
Bonham, Texas

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

Opinion on Each Major Federal Program

We have audited the schedule of expenditures of federal awards of Fannin County, Texas (the "County") for the year ended September 30, 2023, and the related notes (the schedule).

In our opinion, the accompanying schedules of expenditures of federal awards present fairly, in all material respects, the expenditures of federal awards of the County for the year ended September 30, 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), 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 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, 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.

Rutledge Crain & Company, PC

April 15, 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
Fannin County
Bonham, 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 Fannin County, Texas (the "County"), as of and for the year ended September 30, 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 April 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 Min & Company, PC

April 15, 2024

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

The Honorable Judge and County Commissioners
Fannin County
Bonham, Texas

Report on Compliance for Each Major State Program

We have audited Fannin 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 state programs for the year ended September 30, 2023. The County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Each Major 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 state programs for the year ended September 30, 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 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 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 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 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 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 Schedule of Expenditures of 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 September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated April XX, 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 schedule of expenditures of state awards is 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 schedule of expenditures of state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rutledge Crain & Company, PC
April 15, 2024

FANNIN COUNTY, TEXAS
Schedule of Prior Audit Findings for Federal Awards
September 30, 2023

Not applicable

FANNIN COUNTY, Texas
Schedule of Findings and Questioned Costs for Federal Awards
For the Year Ended September 30, 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 Fannin County, Texas were disclosed during the audit.

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

The auditors' report on compliance for the major State award programs for Fannin 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:

COVID-19 State and Local Fiscal Recovery Fund (CSLFRF) – CFDA 21.027

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

No findings to be reported.

Prior Year Financial Statement, Federal Award Findings and Questioned Costs

N/A

Corrective Action Plan

N/A

FANNIN COUNTY, TEXAS
Corrective Action Plan for Federal and Awards
September 30, 2023

Not applicable

FANNIN COUNTY, TEXAS
Schedule of Expenditures of Federal Awards
September 30, 2023

Federal Grant /Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Grant Amount	Passed Through to Subrecipients	Current Period Expenditures	
Indirect Grants						
U. S. Dept. of the Treasury						
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027		\$ 6,898,178	\$ -	\$ 1,750,525	#
Local Assistance and Tribal Consistency Fund	21.032		100,000	-	100,000	
Total U. S. Dept of the Treasury			<u>6,998,178</u>	<u>-</u>	<u>1,850,525</u>	
Indirect Grants						
U. S. Dept. of Health and Human Services						
<i>Passed through Texas Attorney General</i>						
Child Support Enforcement - District Clerk	93.563	Unknown	7,062	-	7,062	
Child Support Enforcement - Sheriff	93.563	Unknown	2,228	-	2,228	
Total U. S. Dept. of Health and Human Services			<u>9,290</u>	<u>-</u>	<u>9,290</u>	
Total Indirect Federal Grants			<u>9,290</u>	<u>-</u>	<u>9,290</u>	
Total Federal Expenditures			<u>\$ 7,007,468</u>	<u>\$ -</u>	<u>\$ 1,859,815</u>	

Major programs

FANNIN COUNTY, TEXAS
Notes to Expenditures of Federal Awards
September 30, 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 Fannin 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 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 September 30, 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.