

CALHOUN COUNTY TEXAS
COMPLIANCE
FEDERAL AND STATE AWARDS

For the Year Ended

December 31, 2023



CALHOUN COUNTY, TEXAS
FEDERAL AND STATE SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2023

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Armstrong, Vaughan & Associates, P. C.

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

The Honorable Judge and Members of Commissioners' Court
Calhoun 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 Calhoun County, Texas, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Calhoun County, Texas, basic financial statements and have issued our report thereon dated August 20, 2024.

Internal Control Over Financial Reporting

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

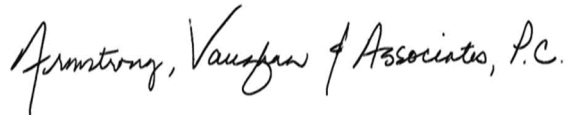
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calhoun County's financial statements are free of 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 the 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*.

We noted certain matters that we have reported to management of the Calhoun County, Texas in a separate letter dated August 20, 2024.

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.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.
August 20, 2024



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the Commissioners' Court
Calhoun County, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Calhoun County'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 Calhoun County's major federal program for the year ended December 31, 2023. Calhoun County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Calhoun County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program 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 (GAAS); 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 Calhoun 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 Calhoun 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 Calhoun County'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 Calhoun 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 GAAS, *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 Calhoun County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Calhoun 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 Calhoun 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 Calhoun 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 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.

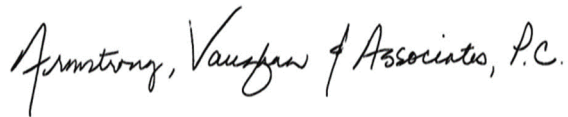
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Calhoun County as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise Calhoun County's basic financial statements. We issued our report thereon dated August 20, 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 audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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. 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 federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

Respectfully,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.
August 20, 2024

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified ☐ Yes ☒ No
One or more significant deficiencies identified that
are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Noncompliance material to financial
Statements noted? ☐ Yes ☒ No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified ☐ Yes ☒ No
One or more 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: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with CFR Part 200
of the Uniform Guidance? ☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State Fiscal Recovery Fund
11.419	Coastal Management Program

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

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

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

CALHOUN COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

<u>Explanation Finding/Recommendation</u>	<u>Current Status</u>	Management's Explanation <u>If Not Implemented</u>
Not Applicable		

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

FEDERAL AWARDS	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Grantor/Pass-through Grantor/Program Title			
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION			
Passed Through Texas General Land Office			
Boggy Bayou Nature Park Improvements	11.419	21-060-013-C673	\$ 86,280
Magnolia and Indianola Beach Pavilions	11.419	21-060-024-D273	143,275
TOTAL NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION			<u>229,555</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Texas Office of the Governor			
Homeland Security Grant Program	97.067	Calhoun-2021 OPSG	12,092
Homeland Security Grant Program	97.067	Calhoun-2022 OPSG	205,625
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>217,717</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Texas General Land Office			
Community Development Block Grant	14.228	20-065-064-C182	703,612
Community Development Block Grant	14.228	22-085-014-D245	244,592
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>948,204</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Texas Health and Human Services Commission			
Ambulance Services Uncompensated Care Cost Settlement (TASPP)	N/A	N/A	97,321
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>97,321</u>
U.S. DEPARTMENT OF TREASURY			
Coronavirus State Fiscal Recovery Fund	21.027	N/A	1,039,409
TOTAL U.S. DEPARTMENT OF TREASURY			<u>1,039,409</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,532,206</u>

CALHOUN COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2023

STATE AWARDS	Entity Identifying Number	State Expenditures
OFFICE OF ATTORNEY GENERAL		
SA VNS Maintenance Contract 9/1/23-8/31/24	N/A	\$ 1,695
SA VNS Maintenance Contract 9/1/22-8/31/23	20222344900-326-01	4,936
Passed Through Office of Attorney General		
Law Enforcement Training	N/A	565
Total Office of Attorney General		<u>7,196</u>
TEXAS DEPARTMENT OF HEALTH		
EMS/Trauma Care System - GCRAC	FY23 911-1131-3588	8,162
SB8 Scholarship /Pate & Reyna EMS Schooling - GCRAC	N/A	11,200
Total Texas Department of Health		<u>19,362</u>
TEXAS GENERAL LAND OFFICE		
Pump-Out Bilge	GLO 22-0180-004-D560	1,000
Coastal Erosion Planning and Response Act No. 1680 Boggy Nature Park Shoreline	20-132-003-C183	1,020
Coastal Erosion Planning and Response Act No. 1716 Swan Point Shoreline Restoration	22-113-005-D364	96,246
Total Texas General Land Office		<u>98,266</u>
TEXAS TASK FORCE ON INDIGENT DEFENSE		
Formula Grant	212-23-029 (FY2023)	25,884
Total Texas Task Force on Indigent Defense		<u>25,884</u>
Passed Through Texas Department of Transportation		
RAMP Grant (Routine Airport Maint Prog) FYE 8/31/2021	M2113PTLA	30,289
Total Texas Department of Transportation		<u>30,289</u>
TOTAL EXPENDITURES OF STATE AWARDS		<u>\$ 180,997</u>

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

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Calhoun County, Texas and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ in amounts presented in, or used in the preparation of, the financial statements.

Currently, the County has elected not to use the 10% de Minimis indirect cost rate.

