

LAMPASAS COUNTY, TEXAS

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2022**

LAMPASAS COUNTY, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

	<u>Page Number</u>
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 <i>Government Auditing Standards</i>	1 – 2
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with <i>Uniform Guidance</i>	3 – 5
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards.....	7
Schedule of Findings and Questioned Costs.....	8 – 9
Schedule of Prior Audit Findings	10

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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 of Lampasas County
Lampasas, 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 Lampasas County, Texas as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Lampasas County, Texas' basic financial statements, and have issued our report thereon dated August 10, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lampasas County, Texas' internal control over financial reporting (internal control) as a basis for designing 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 Lampasas County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Lampasas 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 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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lampasas County, Texas' 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 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*.

Lampasas County, Texas' Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Lampasas County, Texas' response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
August 10, 2023

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE***

Honorable County Judge
and Commissioners’ Court of Lampasas County
Lampasas, Texas

Report on Compliance for Each Major Federal Program

We have audited Lampasas County, Texas (the “County”) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended September 30, 2022. The County’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

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 September 30, 2022.

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 (*Government Auditing Standards*); 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 the 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 the 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 the County’s federal programs.

OFFICE LOCATIONS

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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 the 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 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 the 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 the 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 the 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 and state programs 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 federal and state programs 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 programs 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.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lampasas County, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated August 10, 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 Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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, the *Guidelines*. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
August 10, 2023

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LAMPASAS COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Pass-through Grantor's Number	Expenditures	Pass-Through Expenditures
<u>U. S. Department of Treasury</u>				
Passed through Texas Department of Emergency Management				
Coronavirus State and Local Fiscal Recovery Fund - COVID-19	21.027	N/A	\$ <u>760,194</u>	<u>-</u>
Total Passed through Texas Department of Emergency Management			<u>760,194</u>	<u>-</u>
Total U. S. Department of Treasury			<u>760,194</u>	<u>-</u>
<u>U.S. Elections Assistance Commission</u>				
Passed through Texas Secretary of State				
Help America Vote Act (HAVA) CARES Act - COVID-19	90.404	TX18101001-01-142	<u>11,060</u>	<u>-</u>
Total Passed through Texas Secretary of State			<u>11,060</u>	<u>-</u>
Total U.S. Elections Assistance Commission			<u>11,060</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 771,254</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

LAMPASAS COUNTY, TEXAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Lampasas County, Texas, for the year ended September 30, 2022. The County's reporting entity is defined in Note I to the County's financial statements. The Schedule of Expenditures of Federal Awards includes all Federal awards expended by the County, regardless of whether the award was received directly from the Federal agency or passed through another agency.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting, which is described in Note I to the County's financial statements.

3. INDIRECT COSTS

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

LAMPASAS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

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? None

Significant deficiency(ies) identified that are not considered a material weakness? Item 2022-001

Noncompliance material to financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered a material weakness? 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 2 CFR 100.516(a) None

Identification of major programs:

Assistance Listing Number(s): 21.027 Name of Program or Cluster: Coronavirus State and Local Fiscal Recovery Fund - COVID-19

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

Auditee qualified as low-risk auditee for federal single audit? No

LAMPASAS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Section II: Financial Statement Finding

Item 2022-001: District Clerk – Receipts

Criteria: The Elected Official is responsible for establishing and maintaining effective and timely internal controls over the receipts of funds including passports to prevent or detect errors, whether intentional or unintentional.

Condition and Context: The District Clerk’s office received payments for passports and issued cash receipts to customers, but the sequential numbered cash receipts were not reconciled to deposits made at the bank and the County’s general ledger. Deposits at the bank were made throughout the workday, which made reconciling the deposit to the sequential numbered cash receipts difficult.

Cause: The District Clerk’s office did not follow established cash receipt procedures to reconcile sequential numbered cash receipts to the amounts deposited at the bank.

Effect or Potential Effect: As a result, errors could go undetected, whether intentional or unintentional and result in inaccurate financial information.

Recommendation: The District Clerk’s office should follow established receipt procedures and perform reconciliations of cash receipts to deposits at the time the deposit is made at the bank. This process should include proper oversight and verification by someone who is not a part of the cash receipt process. These internal controls over the receipts of funds including passports would assist in preventing and detecting errors, whether intentional or unintentional identified errors.

Responsible Official’s Response: The County agrees with this finding. The District Clerk has been informed and corrective action has been taken to ensure that established procedures are followed and reconciliations are performed on a timely basis.

Section III: Federal Awards Finding

None



LAMPASAS COUNTY AUDITOR

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LAMPASAS COUNTY, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

None



LAMPASAS COUNTY AUDITOR

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CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 2022

Contact Person – Edith Harrison, District Clerk

Anticipated Completion Date – October 1, 2023

2022-001 – Significant deficiency for financial statements - District Clerk – Receipts

The County agrees with this finding and has taken corrective action to ensure that established procedures are followed timely and appropriately.

- 1.) The County will be evaluating the current practices and procedures to identify areas in which improvement is needed in the District Clerk's office.
- 2.) Deposits will be completed and reviewed on a daily basis.
- 3.) Receipt generated for each transaction.
- 4.) Computer receipts only. No manual or paper receipts.
- 5.) Weekly reconciliation from monthly report to deposits.