



Independent Auditor's Report

On Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and Texas Grant Management Standards

To the Honorable County Judge
and Members of Commissioners Court
Wharton County, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Wharton County, Texas' (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Texas Grant Management Standards that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2024. The County'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, 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 and state programs for the year ended December 31, 2024.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Grant Management Standards (TxGMS). Our responsibilities under those standards, the Uniform Guidance and TxGMS 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 and state 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 and state programs.

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The Honorable County Judge
and Members of Commissioners Court
Wharton County, Texas

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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and TxGMS 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 the County's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and TxGMS, 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 and TxGMS, 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.

The Honorable County Judge
and Members of Commissioners Court
Wharton County, Texas

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 or 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 or 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 or 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 Uniform Guidance and TxGMS. Accordingly, this report is not suitable for any other purpose.

KM&L, LLC

Lake Jackson, Texas
June 23, 2025

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WHARTON COUNTY, TEXAS

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2024

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No internal control findings required to be reported in this schedule, were disclosed in the audit of the financial statements.
3. Noncompliance, which is material to the financial statements: None.
4. No internal control findings, that are required to be reported in this schedule, was disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified.
6. Did the audit disclose findings which are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a): No; the Texas Grant Management Standards Section 510(a): No
7. Major programs include:
 - Federal:
 - 14.228 Community Development Block Grant/State's Program
 - 21.027 Coronavirus State and Local Fiscal Recovery Act
 - State:
 - SB22 - Rural Law Enforcement Salary Assistance Program
8. Dollar threshold used to distinguish between Type A and Type B programs:
Federal - \$ 750,000; State: - \$ 750,000.
9. Low Risk Auditee: Federal - Yes; State - No.

II. Findings related to the financial statements.

The audit disclosed no findings required to be reported.

III. Findings and questioned costs related to the federal and state awards.

The audit disclosed no findings and questioned costs required to be reported.



The County of Wharton

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Barbara A. Starling
Wharton County Auditor

Donna Howard, Assistant Auditor
Christa Albrecht, Assistant Auditor
Susie Rodriguez, Assistant Auditor
Jessica Sanchez, Assistant Auditor

Federal:

In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. This summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs.
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The schedule of status of prior audit findings is as follows:

None.

State:

In accordance with the Texas Grant Management Standards, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. This summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs.
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The schedule of status of prior audit findings is as follows:

None.



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Susie Rodriguez, Assistant Auditor
Jessica Sanchez, Assistant Auditor

Federal:

In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan must be presented to address each finding included in the current year auditor's reports. The corrective action plan is as follows:

None.

State:

In accordance with the Texas Grant Management Standards, the auditee must prepare, in a document separate from the auditor's findings a corrective action plan must be presented to address each finding included in the current year auditor's reports. The corrective action plan is as follows:

None.

WHARTON COUNTY, TEXAS*Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024*Exhibit 24
Page 1 of 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Contract/ Program Number	Expenditures or Award Amount
U.S. Department of Housing and Urban Development:			
Passed Through Texas General Land Office:			
Community Development Block Grants/State's Program	14.228	20-065-107-C294	\$ 1,034,959
Community Development Block Grants/State's Program	14.228	24-065-032-E487	567,874
Community Development Block Grants/State's Program	14.228	20-066-009-C052	266,192
Passed Through Texas Department of Agriculture:			
Community Development Block Grants/State's Program	14.228	7220500	<u>3,850</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 1,872,875</u>
U.S. Department of Justice:			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	--	\$ <u>3,316</u>
			<u>3,316</u>
Passed Through Texas Office of the Governor:			
Crime Victim Assistance Grant	16.575	4315703	<u>76,110</u>
			<u>76,110</u>
Passed Through Texas Office of the Governor:			
Violence Against Women Formula Grants	16.588	4477402	<u>17,889</u>
			<u>17,889</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>\$ 97,315</u>
U.S. Department of Treasury:			
Direct Program:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	--	\$ <u>1,699,058</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>\$ 1,699,058</u>
U.S. Department of National Endowments for Humanities:			
Direct Program:			
Grants to States	45.310	--	\$ <u>1,373</u>
TOTAL U.S. DEPARTMENT OF NATIONAL ENDOWMENT FOR HUMANITIES			<u>\$ 1,373</u>
U.S. Department of Health and Human Services:			
Passed Through Texas Department of Family and Protective Services:			
Foster Care Title IV-E	93.658	HHS000285000026	\$ <u>2,697</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 2,697</u>

(continued)

WHARTON COUNTY, TEXAS*Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024*

Exhibit 24

Page 2 of 2

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Contract/ Program Number	Expenditures or Award Amount
U.S. Department of Homeland Security:			
Passed Through the Texas Division of Emergency Management:			
Disaster Grants - Public Assistance	97.036	4798-DR-TX-136	\$ 42,410
Disaster Grants - Public Assistance	97.036	4798-DR-TX-142	<u>7,726</u>
			<u>50,136</u>
Passed Through Texas Office of the Governor:			
Homeland Security Grant Program	97.067	3930905	52,650
Homeland Security Grant Program	97.067	3930906	48,746
Homeland Security Grant Program	97.067	4253503	<u>76,944</u>
			<u>178,340</u>
 TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			 \$ <u>228,476</u>
 TOTAL FEDERAL ASSISTANCE			 \$ <u>3,901,794</u>
 TOTAL MAJOR PROGRAMS			 \$ <u>3,571,933</u>
 TYPE A PROGRAM			 \$ <u>750,000</u>

WHARTON COUNTY, TEXAS

Exhibit 25

*Schedule of Expenditures of State Awards
For the Year Ended December 31, 2024*

State Grantor/ Pass-Through Grantor/ Program Title	Contract/ Program Number	Expenditures or Award Amount
Texas Commission on Environmental Quality: Passed Through Houston-Galveston Area Council: Solid Waste Implementation Grant	24-16-11-3	\$ <u>50,370</u>
TOTAL TEXAS COMMISSION ON ENVIRONMENTAL QUALITY		\$ <u><u>50,370</u></u>
Office of Attorney General: Direct Program: Texas Victim Information and Notification Everyday (VINE)	C-01192	\$ <u>18,030</u>
TOTAL OFFICE OF ATTORNEY GENERAL		\$ <u><u>18,030</u></u>
Texas Office of Court Administration: Direct Program: Indigent Defense Formula Grant	212-24-241	\$ <u>41,697</u>
TOTAL TEXAS OFFICE OF COURT ADMINISTRATION		\$ <u><u>41,697</u></u>
Texas State Comptroller: Direct Program: SB22 - Sheriff's Office Rural Law Enforcement Salary Assistance Program SB22 - County Attorney Rural Law Enforcement Salary Assistance Program SB22 - District Attorney Rural Law Enforcement Salary Assistance Program	IA-0000000412 IA-0000000079 IA-0000000415	\$ 350,000 56,246 <u>106,919</u>
TOTAL TEXAS STATE COMPTROLLER		\$ <u><u>513,165</u></u>
Texas Office of the Governor: Direct Program: Operation Lone Star Grant	4389501	\$ <u>96,060</u>
TOTAL TEXAS OFFICE OF THE GOVERNOR		\$ <u><u>96,060</u></u>
Texas Water Development Board: Direct Program: Caney Creek Basin Flood Protection Study Caney Creek Basin Flood Protection Study	G1001283 G1001484	\$ 67,570 <u>168,790</u>
TOTAL TEXAS WATER DEVELOPMENT BOARD		\$ <u><u>236,360</u></u>
TOTAL STATE ASSISTANCE		\$ <u><u>955,682</u></u>
TOTAL MAJOR PROGRAMS		\$ <u><u>513,165</u></u>
TYPE A PROGRAM		\$ <u><u>750,000</u></u>

WHARTON COUNTY, TEXAS

*Notes to the Schedules of Expenditures of Federal and State Awards
For the Year Ended December 31, 2024*

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state grant activity of Wharton County, Texas (the "County") under programs of the federal government for the year ended December 31, 2024. The information in these Schedules are presented in accordance with the requirements of Office of Management and Budget (OMB) Uniform Guidance (federal awards) and the requirements of the Texas Grant Management Standards (state awards). Because the Schedules present only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County accounts for all federal awards under programs of the federal and state government in the General and Special Revenue Funds. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal and state grant funds for governmental funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When such funds are advanced to the County, they are recorded as unearned revenues until earned. Otherwise, federal grant funds are received on a reimbursement basis from the respective federal program agencies. Generally, unused balances are returned to the grantor at the close of specified project periods.

NOTE 3 - INDIRECT COST RATE

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

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