

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

In planning and performing our audit of the financial statements of Washington County ("County") as of and for the year ended September 30, 2023, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the County's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain matters that we are required to or wish to communicate to you. Matters communicated in this letter are classified as follows:

- **Material Weakness** – A material weakness is a deficiency, or 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.
- **Significant Deficiency** – A significant deficiency is a deficiency, or 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.
- **Deficiency** – A control deficiency 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.

Account Reconciliations and Adjustments		Material Weakness
Control Deficiency:	The County lacked a formal process for closing the books at the end of each month. During the audit, it was noted that management did not have adequate controls in place to allow for timely and accurate financial reporting, resulting in several audit adjustments.	
Potential Effect:	As a result of the above: <ul style="list-style-type: none"> • Inventory (for one fund), accounts receivable (for one fund), and retainage payable amounts were misstated. • Deferred grant revenue and grant revenue were misstated. • User chargers were incorrectly applied to the wrong fund, causing a misstatement on the fund level. The overall balance was correct. • Capital assets and accumulated depreciation were misstated. 	

Account Reconciliations and Adjustments	Material Weakness
Recommendation:	<p>Crowe recommends that management:</p> <ul style="list-style-type: none"> • Establish Reconciliation Procedures: Develop and document formal reconciliation procedures for all financially significant account cycles and estimate. These procedures should define the reconciliation process, identify the accounts to be reconciled, specify the frequency of reconciliations, document the methodology for all estimates, and outline the review and approval process. • Documentation of Reconciliations: Ensure that all reconciliations are properly documented and maintained, including evidence of who performed and reviewed the reconciliation, the date it was completed, and any discrepancies identified and resolved. As part of the reconciliation process, establish a systematic approach to reviewing estimates, where the estimate is reviewed annually for reasonableness and accuracy. • Review and Approval: Implement a process for independent review and approval of reconciliations and estimates by personnel other than those who perform the reconciliations. This review should be documented, indicating the reviewer's name, the date of review, and any follow-up actions taken.

The purpose of this letter is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This letter is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this letter is not suitable for any other purpose.

The County's written response to the deficiencies (and material weaknesses) identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Crowe LLP
Crowe LLP

Houston, Texas
April 28, 2025