

TYLER COUNTY, TEXAS

SINGLE AUDIT REPORTS

For the year ended December 31, 2024

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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

To the Honorable County Judge and
Members of the Commissioners' Court of
Tyler County, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tyler County, Texas (the "County") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 9, 2025.

Report on 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 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 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 in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 2023-001 and 2024-001.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. 2024-002.

(Continued)

Report on 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 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*.

The County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings 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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Crowe LLP

Houston, Texas
October 9, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tyler County, Texas' (the "County") 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 each of the County's major federal programs for the year ended December 31, 2024. The County's major federal 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 programs for the year ended December 31, 2024.

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*); 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 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.

(Continued)

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 the 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 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.

(Continued)

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. Accordingly, this report is not suitable for any other purpose.

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 the County as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 9, 2025, 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 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.



Crowe LLP

Houston, Texas
October 9, 2025

TYLER COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended December 31, 2024

SUMMARY OF PRIOR AUDIT FINDINGS

2023-001 – Month End/Year End Closing and Review Procedures (Material Weakness)

Finding: The County did not have formal procedures in place to reconcile all significant accounts to supporting documents and ledgers at month end/fiscal year end. The audit over the fiscal year financial statements noted the absence of documentation evidencing the completion and review of reconciliations for various financially significant account cycles, the absence of documentation and completion of year-end closing entries such as accruals and prepaids, and transactions that were coded to the incorrect expense account.

Status in Current Year: Not corrected. Finding repeated as finding 2023-001 in the current year's audit report.

TYLER COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2024

Section I—Summary of Auditor's Results

Financial Statements

What were the results of the auditor's determination of whether the financial statements of the auditee were prepared in accordance with generally accepted accounting principles?	Unmodified
Is a significant deficiency in internal control disclosed?	Yes
Is a material weakness in internal control disclosed?	Yes
Is material noncompliance disclosed?	No

Federal Awards

Type of audit report issued on compliance for each major federal program?	Unmodified
Is a significant deficiency in internal control over major federal programs disclosed?	None reported
Is a material weakness in internal control over major federal programs disclosed?	No
Does the auditor's report include a statement that the financial statements include departments, agencies, or other organizational units expending federal awards which are not included in this audit?	No
What is the dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
Did the auditee qualify as a low-risk auditee?	No
Did the audit disclose any audit findings that the auditor is required to report under Uniform Guidance 2 CFR 200.516 Audit Findings paragraph (a)?	No

Major Program Information and Audit Findings

Identification of major programs:

<u>Assistance Listing (AL) Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Number of Audit Findings</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	0
21.027	Coronavirus State and Local Fiscal Recovery Funds	0

TYLER COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2024

Section II—Financial Statement Findings

2023-001 Month End/Year End Closing and Review Procedures (Material Weakness)

Criteria: Reconciliations are a fundamental control activity that ensures the accuracy and completeness of the financial records and the financial statements.

Condition: The County does not have formal procedures in place to reconcile all significant accounts to supporting documents and ledgers at month end/fiscal year end. The audit over the fiscal year financial statements noted the absence of documentation evidencing the completion and review of reconciliations for various financially significant account cycles, the absence of documentation and completion of year-end closing entries such as accruals and prepaids, and transactions that were coded to the incorrect expense account.

Cause: The County has not established formal procedures for month end and fiscal year end reconciliations and reviews.

Effect or Potential Effect: The absence of formal month end/fiscal year end reconciliations increases the risk of undetected errors or misstatements in the financial statements, as well as an increased risk for fraudulent transactions, which could materially affect the County's financial position and the accuracy of reported financial results. Additionally, without evidence of reconciliation reviews, there is an elevated risk of fraud, as discrepancies may go unnoticed or be intentionally overlooked.

Views of Responsible Officials: See Corrective Action Plan.

2024-001 Grant Related Adjustments (Material Weakness)

Criteria: Under Generally Accepted Accounting Principles (GAAP), expenditures must be recorded at the time the liability is incurred, regardless of when it is paid, and revenue should be recognized when it is earned. In addition, cash transfers recorded on the bank reconciliation should be reported accurately and supported by appropriate documentation.

Condition: During the audit, multiple instances were noted where grant-related expenditures were not recorded in the proper period, resulting in the expenditures being reported on a cash basis rather than an accrual basis. In addition, errors were identified in the balances of grant-related revenue and unearned revenue accounts. Lastly, a transfer of funds between cash and investment accounts was booked to incorrect accounts.

Cause: The errors resulted from the County not establishing formal procedures to review invoice dates to confirm the date of service or to reconcile the Schedule of Expenditures of Federal Awards (SEFA) to the underlying financial trial balance and recording fund transfers between cash and investment accounts to the incorrect accounts.

Effect or Potential Effect: The absence of formal procedures increases the risk of misstatement in grant fund expenditures, receivables, revenue, and unearned revenue. The audit over the fiscal year financial statements identified misstatements in grant expenditures for the ARPA and CDBG funds; in grant receivable and revenue balances for the CDBG fund; and in grant unearned revenue and receivable balances for the ARPA fund, including an overstatement of ARPA cash and revenue of \$500,000.

Views of Responsible Officials: See Corrective Action Plan.

TYLER COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2024

2024-002 Cash Balance Adjustments (Significant Deficiency)

Criteria: Deposits in transit and cash transfers recorded on the bank reconciliation should be reported accurately and supported by appropriate documentation, and certificates of deposit (CD) account balances should be reconciled to the general ledger.

Condition: During audit procedures over cash and bank reconciliations, errors were identified in the cash accounts reconciled by various County offices. These included an overstated deposit in transit amount, fund transfers between cash and investment accounts recorded to incorrect accounts, and CD account balances and reports that did not reconcile with the amounts recorded in the general ledger.

Cause: The errors resulted from data entry mistakes, recording fund transfers between cash and investment accounts to the incorrect accounts, and failing to reconcile CD account balances and reports with the general ledger.

Effect or Potential Effect: The errors resulted in an overstatement of the cash balance by \$198,841, cash and investments being incorrectly reported in the EDR fund, and CD account balances being understated by \$93,860.

Views of Responsible Officials: See Corrective Action Plan.

Section III—Federal Award Findings and Questioned Costs

None identified.

TYLER COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2024

<u>Department/Pass-Through Agency/Program Name</u>	<u>Program/Grant/ Project Number</u>	<u>AL Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Award</i>			
Opioid Settlement	N/A	93.788	\$ 8,046
Total U.S. Department of Health and Human Services			<u>8,046</u>
U.S. DEPARTMENT OF TREASURY			
<i>Direct Award</i>			
Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	1,611,451
Total U.S. Department of Treasury			<u>1,611,451</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Pass-Through Texas General Land Office</i>			
Community Development Block Grant	22-119-009-D419	14.228	4,144,698
Community Development Block Grant	24-065-046-E538	14.228	118,893
Community Development Block Grant	24-065-047-E539	14.228	512,711
<i>Pass-Through Texas Department of Agriculture</i>			
Texas Community Development Block Grant	CDV21-0384	14.228	304,120
Total U.S. Department of Housing and Urban Development			<u>5,080,422</u>
Total Federal Expenditures			<u><u>\$ 6,699,919</u></u>

TYLER COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2024

NOTE 1 - REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the federal awards expended by the County for the year ended December 31, 2024.

NOTE 2 - BASIS OF ACCOUNTING

The Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 4 - INDIRECT COST RATE

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