

*SINGLE AUDIT REPORTS*

**POLK COUNTY, TEXAS**

For the Year Ended  
September 30, 2023

**POLK COUNTY, TEXAS**  
***SINGLE AUDIT REPORTS***  
September 30, 2023

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**INDEPENDENT AUDITORS' 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  
Polk 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Texas (the "County") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 25, 2024.

**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.

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 County'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **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*.

### **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.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
April 25, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE, AND THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE  
AWARDS**

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

**Report on Compliance for Each Major Federal and State Program**

**Opinion on Each Major Federal and State Program**

We have audited Polk County, Texas' (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the Uniform Grant Management Standards (UGMS) that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2023. The County's major federal and state 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 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 September 30, 2023.

**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; 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) and UGMS. Our responsibilities under those standards, the Uniform Guidance, and UGMS are further described in the Auditors' 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.

## **Auditors' 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 the UGMS 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*, and the Uniform Guidance and UGMS, 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 UGMS, 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 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 and 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 and 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 Auditors' 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 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 Schedules of Expenditures of Federal and State Awards Required by the Uniform Guidance and UGMS**

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated April 25, 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 schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the Uniform Guidance and UGMS and are not required parts 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 schedules of expenditures of federal and state awards are 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 and UGMS. Accordingly, this report is not suitable for any other purpose.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
April 25, 2024

**POLK COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**For the Year Ended September 30, 2023**

**A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

***Material Weakness***

**Background**

The Sheriff's department maintains a custodial account for monies held for the benefit and use of inmates while detained at the jail for the purposes of making paid phone calls and ancillary purchases. The custodial nature of the account should result in the reconciled bank account balance equaling the individual inmate trust liability. After an inmate is released from the jail the procedure is for the inmate to request the funds from the Sheriff's office and the Sheriff's office would disburse the funds in the form of a check or debit card.

**Condition**

At year end, the Sheriff's jail inmate bank account could not be reconciled to the corresponding liability account which captures amounts due to individual inmates. The difference between the bank account and inmate liability account was \$43,057 at year end. The Sheriff's inmate bank reconciliation listed deposits in transit which we were unable to validate. Additionally, we noted that subsequent to year end, the bank account was negative resulting in insufficient funds bank charges. In theory, a negative balance could not occur in the account. Our findings initiated a criminal investigation that is presently ongoing. The custodian of the account has reportedly admitted to misappropriation of a portion of the funds. As of February 2023 and with the information provided, it appears that as of that date the unaccounted difference between the bank account and inmate liability is \$43,560.

**Cause**

It appears the custodian misappropriated funds which went undetected until the external independent financial statement audit, as the County's procedures did not detect the anomaly on the bank reconciliation or disparity between the bank account and related inmate liability account.

**Effect**

There is a shortage in the jail inmate account as of February 2023 of \$43,560.

**Recommendation**

After the jail inmate checking account has been reconciled each month, it should be reviewed by a supervisor that is familiar with the proper use of the account and any reconciling items should be validated. Additionally, in conjunction with this step, the reconciled bank balance should be traced and agreed to the individual inmate liability account. The County should continue with its investigation and pursue collection from the custodian and employee dishonesty bond.

**Status of Prior Year Finding**

The Sheriff's and County Auditor's offices have both implemented dual overlapping procedures to ensure oversight of the account.



**POLK COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended September 30, 2023

**I SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

|  |            |
|--|------------|
| What were the results of the auditors' determination of whether the financial statements of the auditee were prepared in accordance with generally accepted accounting principles? | Unmodified |
| Is a 'going concern' emphasis-of-matter paragraph included in the auditors' report?  | No         |
| Is a significant deficiency in internal control disclosed?   | No         |
| Is a material weakness in internal control disclosed?  | No         |
| Is material noncompliance disclosed?   | No         |

*Federal and State Programs*

|   |            |
|---|------------|
| Type of audit report issued on compliance for each major program  | Unmodified |
| Is a significant deficiency in internal control over major programs disclosed?  | No         |
| Is a material weakness in internal control over major programs disclosed?   | No         |
| Does the auditors' report include a statement that the financial statements include departments, agencies, or other organizational units expending federal and state 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 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)</u> | <u>Name of Federal Program or Cluster</u>                                | <u>Number of Audit Findings</u> |
|--------------------------------|--|---------------------------------|
| <u>Numbers</u>                 |  |                                 |
| 21.027                         | American Rescue Plan - Coronavirus State and Local Fiscal Recovery Funds | 0                               |
|                                | <u>Name of State Program</u>   | <u>Number of Audit Findings</u> |
|                                | Texas Historic Courthouse  | 0                               |

**II. FINANCIAL STATEMENT FINDINGS**

None identified.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AND STATE AWARDS**

None identified.

**POLK COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended September 30, 2023

| Federal Grantor/Pass-Through<br>Grantor/Program Title                                  | Program/Grant/<br>Contract Number | AL<br>Number | Federal<br>Expenditures |
|--|-----------------------------------|--------------|-------------------------|
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>                                |                                   |              |                         |
| <i>Pass-through Texas Department of Agriculture</i>                                    |                                   |              |                         |
| Community Development Block Grant  | 7220361                           | 14.228       | \$ 301,884              |
| Community Development Block Grant  | CDV21-0368-C113                   | 14.228       | 15,950                  |
| <br><i>Pass-through Texas General Land Office</i>                                      |                                   |              |                         |
| Community Development Block Grant  | 20-065-018-C064                   | 14.228       | 378,525                 |
| <b>Total U.S. Department of Housing and Urban Development</b>                          |                                   |              | <u>696,359</u>          |
| <b>U.S. DEPARTMENT OF JUSTICE</b>  |                                   |              |                         |
| <i>Pass-through Texas Department of Public Safety</i>                                  |                                   |              |                         |
| State Criminal Alien Assistance Program  | BJA-2022-171484                   | 16.606       | 12,774                  |
| <br><i>Pass-through Texas Office of the Governor - Criminal Justice Division (CJD)</i> |                                   |              |                         |
| Evidence/Procurement Manager   | 4437901                           | 16.738       | 38,458                  |
| Special Victims Liaison  | 4297302                           | 16.738       | 35,506                  |
| <b>Total U.S. Department of Justice</b>  |                                   |              | <u>86,738</u>           |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                                    |                                   |              |                         |
| <i>Pass-through Deep East Texas Council of Governments</i>                             |                                   |              |                         |
| Title III Part C1, Nutrition Services  | 23-1000824-1                      | 93.045       | 110,265                 |
| Title III Part C2, Nutrition Services  | 23-1000824-1                      | 93.045       | 29,579                  |
|  |                                   |              | <u>139,844</u>          |
| <br><i>Pass-through Texas Department of Aging and Disability Services</i>              |                                   |              |                         |
| Social Services Block Grant  | 1000824                           | 93.667       | 296,404                 |
| <b>Total U.S. Department of Health and Human Services</b>                              |                                   |              | <u>436,248</u>          |
| <b>U.S. ELECTION ASSISTANCE COMMISSION</b>   |                                   |              |                         |
| <i>Pass-through Texas Secretary of State</i>   |                                   |              |                         |
| Help America Vote Act  | TX18101001-01-187                 | 90.404       | 80,457                  |
| <b>Total U.S. Election Assistance Commission</b>                                       |                                   |              | <u>80,457</u>           |
| <b>U.S. DEPARTMENT OF INTERIOR</b>   |                                   |              |                         |
| <i>Pass-through Bureau of Land Management</i>  |                                   |              |                         |
| Payments in Lieu of Taxes - 2023   | PL 110-343                        | 15.226       | 60,023                  |
| <b>Total U.S. Department of Interior</b>   |                                   |              | <u>60,023</u>           |
| <b>U.S. DEPARTMENT OF TREASURY</b>   |                                   |              |                         |
| <i>Direct Award</i>  |                                   |              |                         |
| COVID-19 American Rescue Plan - Coronavirus State and<br>Local Fiscal Recovery Funds   | N/A                               | 21.027       | 3,072,848               |
| <b>Total U.S. Department of Treasury</b>   |                                   |              | <u>3,072,848</u>        |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>  |                                   |              |                         |
| <i>Pass-through Texas Division of Emergency Management</i>                             |                                   |              |                         |
| Disaster Grants - Public Assistance  | 4485DRTXP0000001                  | 97.036       | 175,714                 |
| <b>Total U.S. Department of Homeland Security</b>                                      |                                   |              | <u>175,714</u>          |
| <b>Total Federal Expenditures</b>  |                                   |              | <u>\$ 4,608,388</u>     |

**POLK COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
For the Year Ended September 30, 2023

| <u>State Grantor/Pass-through Grantor/Program Title</u>              | <u>Program/Grant/<br/>Project Number</u> | <u>State<br/>Expenditures</u> |
|--|--|-------------------------------|
| <b>STATE DEPARTMENT OFFICE OF THE ATTORNEY GENERAL</b>               |  |                               |
| <i>Direct Awards</i>   |  |                               |
| VCLG Grant District Attorney   | C-00061                                  | \$ 29,540                     |
| VCLG Grant Sheriff's Office  | C-00062                                  | 43,958                        |
| Victim Notification Service  | C-00355                                  | 17,505                        |
| <b>Total State Department Office of the Attorney General</b>         |  | <u>91,003</u>                 |
| <b>TEXAS DEPARTMENT OF TRANSPORTATION</b>                            |  |                               |
| <i>Direct Award</i>  |  |                               |
| County Transportation Infrastructure Fund                            | Precinct #2                              | 59,721                        |
| County Transportation Infrastructure Fund                            | Precinct #3                              | 15,391                        |
| County Transportation Infrastructure Fund                            | Precinct #4                              | 11,242                        |
| <b>Total Texas Department of Transportation</b>                      |  | <u>86,354</u>                 |
| <b>TEXAS INDIGENT DEFENSE COMMISSION</b>                             |  |                               |
| <i>Direct Award</i>  |  |                               |
| Indigent Defense Formula Grant                                       | 212-23-187                               | 47,941                        |
| <b>Total Texas Indigent Defense Commission</b>                       |  | <u>47,941</u>                 |
| <b>TEXAS COMPTROLLER OF PUBLIC ACCOUNTS</b>                          |  |                               |
| <i>Direct Award</i>  |  |                               |
| Law Enforcement Officer Standards and Education                      | 17460016219                              | 5,939                         |
| <b>Total Texas Comptroller of Public Accounts</b>                    |  | <u>5,939</u>                  |
| <b>TEXAS HISTORICAL COMMISSION</b>                                   |  |                               |
| <i>Direct Award</i>  |  |                               |
| Courthouse Preservation Program                                      | N/A                                      | 432,042                       |
| <b>Total Texas Historical Commission</b>                             |  | <u>432,042</u>                |
| <b>TEXAS STATE UNIVERSITY TEXAS SCHOOL SAFETY CENTER</b>             |  |                               |
| <i>Direct Award</i>  |  |                               |
| Sheriff's Tobacco Enforcement Program                                | N/A                                      | 31,315                        |
| <b>Total Texas State University Texas School Safety Center</b>       |  | <u>31,315</u>                 |
| <b>TEXAS OFFICE OF THE GOVERNOR</b>                                  |  |                               |
| <i>Pass-through Office of the Governor Criminal Justice Division</i> |  |                               |
| Bullet Proof Shields   | 4588601                                  | 88,060                        |
| Body-Worn Cameras  | 4366401                                  | 31,688                        |
| <b>Total Texas Office of the Governor</b>                            |  | <u>119,748</u>                |
| <b>TEXAS COMMISSION ON ENVIRONMENTAL QUALITY</b>                     |  |                               |
| <i>Pass-through Deep East Texas Council of Governments</i>           |  |                               |
| DETCOG Solid Waste   | 23-14-06                                 | 14,192                        |
| <b>Total Texas Commission on the Environmental Quality</b>           |  | <u>14,192</u>                 |
| <b>COMMISSION ON STATE EMERGENCY COMMUNICATIONS</b>                  |  |                               |
| <i>Pass-through Deep East Texas Council of Governments</i>           |  |                               |
| DETCOG 911 Addressing  | N/A                                      | 36,898                        |
| <b>Total Texas Commission on State Emergency Communications</b>      |  | <u>36,898</u>                 |
| <b>Total State Expenditures</b>                                      |  | <u>\$ 865,432</u>             |

See accompanying notes to schedules of expenditures of Federal and State awards.

# **POLK COUNTY, TEXAS**

## ***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS***

**For the Year Ended September 30, 2023**

### **1. REPORTING ENTITY**

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) presents the activity of all federal and state financial assistance programs of the County.

### **2. BASIS OF ACCOUNTING**

The Schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal and state Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Uniform Grant Management Standards (UGMS). Therefore, some amounts presented in these Schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **4. INDIRECT COST RATE**

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