

**CITY OF CONROE, TEXAS  
STATE SINGLE AUDIT REPORT**

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



# CITY OF CONROE, TEXAS

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE  
AWARDS REQUIRED BY THE TEXAS GRANT MANAGEMENT STANDARDS**

To the Honorable Mayor and  
Members of the City Council  
City of Conroe, Texas

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

***Opinion On Each Major Program***

We have audited City of Conroe, Texas' (the "City") compliance with the types of compliance requirements described in the Texas Grant Management Standards that could have a direct and material effect on each of the City's major state programs for the year ended September 30, 2023. The City's major 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 City's 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 state programs for the year ended September 30, 2023.

***Basis for Opinion on Each Major State 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 the Texas Grant Management Standards. Our responsibilities under those standards and the Texas Grant Management Standards 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 City 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 state program. Our audit does not provide a legal determination of the City'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 City's state programs.

To the Honorable Mayor and  
Members of the City Council  
City of Conroe, 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 City'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 Texas Grant Management Standards 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 City's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Texas Grant Management Standards, 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 City'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 City'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 Texas Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of the City'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 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 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 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.



To the Honorable Mayor and  
Members of the City Council  
City of Conroe, Texas

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 Texas Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Awards Required by the Texas Grant Management Standards**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 13, 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 schedule of expenditures of state awards is presented for purposes of additional analysis as required by the Texas Grant Management Standards 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 basic 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 state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Houston, Texas  
March 13, 2024



CITY OF CONROE

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

**I. Summary of Auditors' Results**

**Financial Statements**

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Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**State Awards**

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Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Texas Grant Management Standards (TxGMS)?	No

**Identification of major programs:**

Name of State Program or Cluster

**Texas Department of Emergency Management**

*Category H - Fire Management*

**Texas Office of the Governor Fiscal**

*Body-worn Camera Program*

Dollar Threshold Considered Between Type A and Type B State Programs	\$750,000
Auditee qualified as low risk auditee?	No

**CITY OF CONROE, TEXAS**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended September 30, 2023***

**II. Financial Statement Findings**

None noted.

**III. State Award Findings and Questioned Costs**

None noted.

**CITY OF CONROE, TEXAS**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
*For the Year Ended September 30, 2023*

State Grantor/ Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	State Expenditures
<b>Texas Department of Transportation:</b>		
<b>Passed through Brazos Transit District:</b>		
<i>State Public Transportation Appropriations</i>	B-18-MC-48-0038	\$ 87,347
<b>Total Texas Department of Transportation</b>		<b>87,347</b>
<b>Texas State Comptroller:</b>		
<i>Peace Officer Allocation</i>	Fire	944
<i>Peace Officer Allocation</i>	Police	8,071
<b>Total Texas State Comptroller</b>		<b>9,015</b>
<b>Texas Engineering Extension Office:</b>		
<i>Severe Weather Management</i>	22-0020 Severe Weather 2	66,764
<i>Swift Water Deployment</i>	23-0015 09MAY SV WX	50,378
<b>Total Texas Engineering Extension Office</b>		<b>117,142</b>
<b>Texas Division of Emergency Management:</b>		
<i>Category H - Fire Management</i>	22-0001 Wildfire Season 2022	229,814
<b>Total Texas Division of Emergency Management</b>		<b>229,814</b>
<b>Texas Department of Treasury:</b>		
<i>Opioid Abatement Trust Fund Settlement</i>		146,498
<b>Total Texas Department of Treasury</b>		<b>146,498</b>
<b>Texas Office of the Governor Fiscal:</b>		
<i>Body-worn Camera Program</i>	4367501	230,000
<i>Bullet-resistant Shield Program</i>	4617301	98,998
<b>Total Texas Office of the Governor Fiscal</b>		<b>328,998</b>
<b>Texas Department of Motor Vehicles:</b>		
<i>Motor Vehicle Crime Prevention Authority Auxiliary</i>		20,000
<b>Total Texas Department of Motor Vehicles</b>		<b>20,000</b>
<b>Total Expenditures of State Awards</b>		<b>\$ 938,814</b>

**CITY OF CONROE, TEXAS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended September 30, 2023**

**Note 1 - Summary of Significant Accounting Policies**

In the governmental funds, state programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are 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. Expenditures are recognized following the cost principles contained in the Texas Grant Management Standards, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented where available.

State grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Texas Grant Management Standards.

**Note 2 - Basis of Presentation**

The accompanying schedule of expenditures of state awards (the "Schedule") includes the state grant activity of the City under programs of the state government for the year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of the Texas Grant Management Standards. Because the Schedule presents on a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

**Note 3 - Availability of State Grant Funds**

The period of availability for state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the state project period extended 90 days beyond the state project period ending date, in accordance with provisions of the Texas Grant Management Standards.

**Note 4 - Relationship to State Financial Reports**

Grant expenditure reports as of September 30, 2023, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

**CITY OF CONROE, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
***For the Year Ended September 30, 2023***

Texas Grant Management Standards, *Audit Findings Follow-Up* states, “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.” The 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 and
- All audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as corrected, or no longer valid or not warranting further action.

The Summary Schedule of Prior Audit Findings for the year ended September 30, 2023 has been prepared to address these requirements.

**I. Prior Audit Findings**

None reported.

**CITY OF CONROE, TEXAS**  
**CORRECTIVE ACTION PLAN**  
***For the Year Ended September 30, 2023***

Texas Grant Management Standards, *Audit Findings Follow-Up* states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings as described the Audit Findings section, a corrective action plan to address each audit finding included in the current year auditor's reports."

The Corrective Action Plan for the year ended September 30, 2023 has been prepared to address these requirements.

**I. Corrective Action Plan**

Not applicable