



March 26, 2024

To Management and the Honorable Commissioners Court
Williamson County, Texas
710 Main Street
Georgetown, Texas 78626

We have audited the basic financial statements of Williamson County, Texas (the County) as of and for the year ended September 30, 2023 and have issued our report thereon dated March 26, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 17, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm has complied with all relevant ethical requirements regarding independence.

With respect to any nonaudit/nonattest services we perform as previously communicated to you in the engagement letter, the County acknowledges and understands that the County has the responsibility for (a) making all management decisions and performing all management functions; (b) assigning an individual with suitable skills, knowledge, and experience to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities. Such nonaudit/nonattest services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Audit Standards*.

Significant Risks Identified as part of our Due Diligence

As part of our due diligence in planning the audit, we have identified the following significant risks:

- Improper revenue recognition – there is a rebuttable presumption that a significant risk of fraud exists associated with revenue in all audits. We have identified a significant risk of fraud related to the existence, valuation, and cutoff of certain revenue streams due to the potential incentive and ability to manipulate revenue recognition, particularly for tax and grant revenue recognition.
- Management override of internal controls, which includes the risk related to improper or unauthorized recording of journal entries.

Identification of significant risks is part of our due diligence during our audit process. These risks were addressed by walking through controls in each respective area and performing substantive detail testing and analytical testing of transactions. Based on the test work performed in these areas, no material misstatements or significant deficiencies or material weaknesses in internal controls were found.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note 2 to the financial statements. As described in Note 2 to the financial statements, during the year, the County changed its method of accounting for subscription contracts by adopting Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* (GASB 96). Accordingly, the effect of the account change has been reported as a restatement of capital assets and long-term liabilities as of the beginning of the fiscal year.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are management's estimate of the net pension liability, other post-employment benefits (OPEB) liability, and allowance for doubtful accounts. The net pension liability is obtained from Texas County and District Retirement System (TCDRS) through a report prepared for the County by TCDRS consulting actuary in compliance with GASB 68. Information regarding the County's OPEB liability is obtained through a report prepared for the County by an independent consulting actuary in compliance with GASB 75. Lastly, the allowance for doubtful accounts for receivables is based on historical collections and aging of the receivables balance. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods as determined by management are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the representation letter dated March 26, 2024.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the County's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, with respect to the supplementary information accompanying the financial statements, we made certain inquiries with management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

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Modification of the Auditor's Report

We have made the following modification to our auditor's report:

An emphasis of matter paragraph was included regarding the implementation of GASB 96, as described above. Our opinions are not modified with respect to this matter.

This report is intended solely for the information and use of the Commissioners' Court and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas

Schedule of Uncorrected Misstatements

Account	Description	Debit	Credit
Proposed Journal Entries			
Proposed Journal Entries JE # 3001			
to correctly state NPL and related deferred inflows/outflows due to other entities			
0906-00-2605	Deferred Inflows of Resources - Pension	7,893,806	
0906-00-1705	Deferred Outflows of Resources - Pension Contributions	3,720,123	
0906-00-2540	Net Pension Liability		6,469,500
0906-GG-6146	Pension Expense		5,144,429
Total		11,613,929	11,613,929
Proposed Journal Entries JE # 3002			
to adjust beginning net position for contributed projects incorrectly deferred in prior year.			
0901-00-3900	Unrestricted Net Position	4,943,368	
0901-TS-6649	Expense - Deferred Contributions		4,943,368
Total		4,943,368	4,943,368
Proposed Journal Entries JE # 3003			
Proposed Journal Entry to correct error made in improper exclusion in Accounts Payable			
0200-0210-004100	PROFESSIONAL SERVICES	341,279	
0200-0000-202011	A/P LIABILITY AUDIT ADJ		341,279
Total		341,279	341,279