

JEFFERSON COUNTY, TEXAS  
SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS  
AND  
REPORTS OF INDEPENDENT ACCOUNTANTS  
PREPARED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS,  
AND THE SINGLE AUDIT ACT  
AMENDMENTS OF 1996  
AND OMB CIRCULAR A-133  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2005

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# Edwards, Tate & Fontenote, LLP

## Certified Public Accountants

March 17, 2006

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENTAL AUDITING STANDARDS*

To County Judge Carl Griffith and  
Members of the Commissioners Court  
Jefferson County, Texas

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We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson County, Texas ("the County") as of and for the year ended September 30, 2005, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the County in a separate letter dated March 17, 2006.

To County Judge Carl Griffith and  
Members of the Commissioners Court  
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As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Commissioners Court of Jefferson County, Texas, management, others within the County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Edwards, Tate & Fontenot, LLP*

# Edwards, Tate & Fontenote, LLP

## Certified Public Accountants

March 17, 2006

### REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To County Judge Carl Griffith and  
Members of the Commissioners Court  
Jefferson County, Texas

#### Compliance

We have audited the compliance of Jefferson County, Texas ("the County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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, Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

To County Judge Carl Griffith and  
Members of the Commissioners Court  
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In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

### **Internal Control Over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants, applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in their normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Expenditures of Federal Awards**

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 September 30, 2005, and have issued our report thereon dated March 17, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Commissioners Court of Jefferson County, Texas, management, others within the County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Edwards, Tate & Fontenot, LLP*

**JEFFERSON COUNTY, TEXAS  
SCHEDULE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2005**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Disbursements/ Expenditures
<u>U.S. Department of Transportation</u>			
<u>Passed Through the Texas Department of Highways and Public Transportation:</u>			
State and Community Highway Safety-- Community / Corridor Traffic Safety Program	16.592	585XXF5004	37,377
State and Community Highway Safety-- Community / Impaired Driver Mobilization Program	16.592	585XXF5032	3,729
Ben Rogers Southeast Texas Regional Visitors Information Center	20.205	CSJ-0920-38-157	1,233,706
<u>Passed Through the Federal Aviation Administration:</u>			
Airport Improvement Program - Airport Master Plan Update Terminal Renovations, Airport Drainage Environmental Study, Perimeter Security Upgrades, and Rehabilitate Runway Lighting, Phase III	20.106	3-48-0018-19-2004	325,381
Airport Improvement Program - Perimeter Fence and Road Construction, Airfield Drainage Correction, and Rehabilitate Apron F	20.106	3-48-0018-020-2005	127,174
<u>Direct Program:</u>			
Small Community Air Service Development Pilot Program	None	SCASDPP 11590-165	127,104
Total Department of Transportation			<u>1,854,471</u>
<u>U.S. Department Of HUD</u>			
<u>Passed Through the Office of Rural Community Affairs:</u>			
Community Development Block Grants/State's Program--Hamshire Water and Sewer	14.228	TDOC - 723419	47,325
Community Development Block Grants/State's Program-- Cheek Step Sewer Improvement	14.228	TDOC - 724006	28,862
Total Department of HUD			<u>76,187</u>
<u>U.S. Department of Justice</u>			
<u>Direct Program:</u>			
Local Law Enforcement Block Grants Program--(LLEBG Grant)	16.592	2003-LB-BX-1905	10,266
Local Law Enforcement Block Grants Program--(LLEBG Grant)	16.592	2004-LB-BX-1244	20,171
State Criminal Alien Assistance Program (SCAAP)	16.606	2004APBX0494	40,107
Crime Just R & D Project--Forensic Science Improvement Grant	16.560	2004-DN-BX-0211	78,206

**JEFFERSON COUNTY, TEXAS  
SCHEDULE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2005**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Disbursements/ Expenditures
<u>U.S. Department of Justice</u>			
<u>Passed Through The Office of the Governor, Criminal Justice Division:</u>			
Violence Against Women Formula Grants--Family Violence/Crimes Against Women	16.588	WF05V3013466-08	9,583
Violence Against Women Formula Grants--Family Violence/Crimes Against Women	16.588	WF04V3013466-07	119,633
Byrne Formula Grant Program--Narcotics Task Force	16.579	DB02A1013874-06	894,811
Crime Victim Assistance--Domestic Violence Clearinghouse	16.575	VA05V3013679-07	45,864
Crime Victim Assistance--Crime Victims Clearinhouse	16.575	VA04V3013679-06	146,540
Juvenile Accountability Grant	16.523	JB03J2017327-01	74,352
Juvenile Accountability Grant	16.523	JB04J2017327-02	6,650
Total U.S. Department of Justice			<u>1,446,183</u>
<u>Department of Homeland Security/Federal Emergency Management Agency:</u>			
<u>Passed Through Texas Department of Public Safety Division of Emergency Management:</u>			
Community Emergency Response Grant	97.004	N/A	7,383
FEMA Emergency Hurricane Katrina	97.036	FEMA-3216-DR- Hurricane Katrina	276,973
FEMA Emergency Hurricane Rita	97.036	FEMA-1606-DR- Hurricane Rita	2,110,149
<u>Passed Through Texas Engineering Extension Service/State Homeland Security Program:</u>			
2004 State Homeland Security Program	97.004	2004-SHSP-48245	91,467
2004 State Homeland Security LETPP	97.004	2004-LETPP-48245	104,287
Emergency Management Performance Grant	97.042	EMT-2004-GR-0105	34,104
Total Department of Homeland Security/ Federal Emergency Management Agency			<u>2,624,363</u>

**JEFFERSON COUNTY, TEXAS  
SCHEDULE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2005**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Number	Disbursements/ Expenditures
<u>U.S. Department of Health &amp; Human Services</u>			
<u>Passed Through Texas Department of Protective &amp; Regulatory Services:</u>			
Children's Justice Act -- Family Group Conferencing	93.643	9905-0417 CIP	1,234
Children's Justice Act -- Family Group Conferencing	93.643	9905-0407	2,463
Children's Justice Act -- Family Group Conferencing	93.643	23341928	712
Jefferson County Diabetes Prevention program	93.988	65560DIABE0408	36,542
Foster Care--Title IV-E--Reimbursement Program	93.658	TJPC-E-2006-123	1,193
Foster Care--Title IV-E--Reimbursement Program	93.658	TJPC-E-2005-123	16,587
Total U.S. Department of Health & Human Services			58,731
<u>U.S. Department of Commerce</u>			
<u>Passed Through National Oceanic &amp; Atmospheric Administration:</u>			
Protection of Pleasure Island Against Impacts of a Federal Navigation Channel	11.419	NA17OZ2180	516,531
Total U.S. Department of Commerce			516,531
Total Federal Assistance			6,576,466

**JEFFERSON COUNTY, TEXAS**  
**NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS**  
**SEPTEMBER 30, 2005**

1. The accompanying Schedule of Expenditures of Federal Awards presents the activity of all applicable Federal and programs of Jefferson County, Texas ("the County"). The County's reporting entity is defined in Note 1 to the County's basic financial statements. Federal awards received directly from Federal agencies, as well as awards passed through other government agencies, are included on the schedule.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Private Purpose Trust Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund type. 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 the Governmental Funds, the Private Purpose Trust Funds, and Agency Funds. This basis of accounting recognizes revenue 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 fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal 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 deferred revenues until earned.

3. The period of availability for Federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the Federal project period, extended 30 days beyond the Federal project period ending date, in accordance with provisions in Section H Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement updated as of March 2004.

**JEFFERSON COUNTY, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2005**

**I. Summary of Auditor's Results**

**A. Financial Statements**

1. Type of Auditor's Report issued: **Unqualified**
2. Internal control over financial reporting:
- a. Material weakness(es) identified?  Yes  No
- b. Reportable condition(s) identified that are not to be considered material weaknesses?  Yes  No
3. Noncompliance material to financial statements noted?  Yes  No

**B. Federal Awards**

1. Internal control over major programs:
- a. Material weakness(es) identified?  Yes  No
- b. Reportable condition(s) identified that are not to be considered material weaknesses?  Yes  No
2. Type of Auditor's Report issued on compliance for major programs: **Unqualified**
3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  Yes  No

4. The major programs of the County include:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.579	Byrne Formula Grant
97.036	FEMA - Hurricanes Rita and Katrina
20.106	Airport Improvement

5. The dollar threshold used to distinguish between Type A and Type B Programs was: **\$300,000**
6. The County is classified as a low-risk auditee in the context of OMB Circular A-133?  Yes  No

**II. Findings Relating to the Financial Statements Which Are Required to be in Reported in Accordance with *Generally Accepted Government Auditing Standards*: There are no findings to be reported.**

**III. Findings and Questioned Costs for Federal Awards: There are no findings and questioned**

**JEFFERSON COUNTY, TEXAS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2005**

There were no prior year audit findings.

**JEFFERSON COUNTY, TEXAS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2005**

There was no corrective action plan needed.

# Edwards, Tate & Fontenote, LLP

## Certified Public Accountants

November 26, 2006

To Whom It May Concern:

Please replace the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Governmental Auditing Standards" with the one attached. There was no management letter issued for September 30, 2005. We apologize for this inconvenience.

Sincerely,

*Edwards, Tate & Fontenote, LLP*

Edwards, Tate, & Fontenote, LLP

# Edwards, Tate & Fontenote, LLP

## Certified Public Accountants

March 17, 2006

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS**

To County Judge Carl Griffith and  
Members of the Commissioners Court  
Jefferson County, Texas

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#### **Internal Control Over Financial Reporting**

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To County Judge Carl Griffith and  
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March 17, 2006

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*Edwards, Tate & Fontenot, LLP*