

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, 2009

*Prepared by: Gayle W. Botley & Associates
Certified Public Accountants*

JEFFERSON COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND REPORTS OF
INDEPENDENT ACCOUNTANT 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, 2009**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

To County Judge Ron Walker and
Members of the Commissioners Court
Jefferson County, Texas

We have audited the financial statements of the governmental activities, the business-type 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, 2009, and have issued our report thereon dated March 19, 2010. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jefferson County, Texas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

County Judge Ron Walker and
Members of the Commissioners Court
Jefferson County, Texas

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated March 19, 2010.

This report is intended solely for the information and use of the Commissioners Court of Jefferson County, Texas, management, 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.



Gayle W. Botley & Associates
Port Arthur, Texas
March 19, 2010



Gayle W. Botley & Associates

Certified Public Accountants

Member of AICPA

"Supporting Your Financial Growth"

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

County Judge Ron Walker 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, 2009. Jefferson County, Texas' major federal programs are identified in the summary of auditor's 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit 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 that 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.

In our opinion, Jefferson County, Texas 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, 2009.

County Judge Ron Walker and
Members of the Commissioners Court
Jefferson County, Texas

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 Jefferson County, Texas' internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in a County's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Jefferson County, Texas as of and for the year ended September 30, 2009, and have issued our report thereon dated March 19, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Jefferson County, Texas' 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.

County Judge Ron Walker and
Members of Commissioners Court
Jefferson County, Texas

This report is intended solely for the information and use of the Commissioners Court of Jefferson County, Texas, management, 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.

A handwritten signature in cursive script that reads "Gayle W. Botley & Associates".

Gayle W. Botley & Associates
Port Arthur, Texas

March 19, 2010

JEFFERSON COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED September 30, 2009**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
<u>Passed Through the Federal Aviation Administration:</u>			
Airport Improvement Program - Perimeter Fence and Road Construction, Airfield Drainage Correction, and Rehabilitate Apron F	20.106	3-48-0018-020-2005	\$ 181,665
Airport Improvement Program - Improve Passenger Terminal Building (Hurricane Rita Damage)	20.106	3-48-0018-022-2006	3,795,335
Acquire Airport Rescue and Firefighting (ARFF) Vehicle	20.106	3-48-0018-025-2008	316,809
<u>Direct Program:</u>			
Airport Improvement Program - Rehabilitate Runway 12-30 (1,000 feet; Design only), Airfield Drainage Plan, and Pavement Maintenance / Management Plan	20.106	3-48-0018-024-2007	<u>135,873</u>
Total U.S. Department of Transportation			<u><u>4,429,682</u></u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
<u>Passed Through the Office of Rural Community Affairs:</u>			
Community Development Block Grants / State's Program - Hampshire Water and Sewer	14.228	TDCP-723419	125,651
Community Development Block Grants / State's Program - Hillebrandt Bridge Project	14.228	TXCDBG-727087	7,309
Community Development Block Grants / State's Program - First Time Sewer Project	14.228	TDCP-726299	101,174
Community Development Block Grants / State's Program - 2007 Disaster Recovery Supplemental Project - Round II	14.228	DRS-0704	3,064,369
<u>Passed Through the Texas Department of Housing and Community Affairs:</u>			
Home Investment Partnerships Program - TXCDBG Disaster Recovery Contract #1000596	14.239	1000596	<u>249,600</u>
Total U.S. Department of Housing & Urban Development			<u><u>3,548,103</u></u>

JEFFERSON COUNTY, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED September 30, 2009**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
<u>Passed Through the City of Beaumont:</u>			
Edward Byrne Memorial Formula Grant Program	16.579	2007DJBX1023	18,515
Edward Byrne Memorial Formula Grant Program	16.579	2006DJBX0797	12,050
<u>Passed Through the Office of the Governor, Criminal Justice Division:</u>			
Violence Against Women Formula Grants	16.588	13466-12	13,389
Violence Against Women Formula Grants	16.588	13466-11	133,249
Crime Victim Assistance - Crime Victim's Clearinghouse	16.575	21032-01	5,949
Juvenile Accountability Block Grants	16.523	17327-05	3,751
Juvenile Accountability Block Grants	16.523	17327-04	19,444
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	18129-03	20,287
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	18129-04	72,338
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16045-07	12,501
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16045-08	3,918
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16045-09	338
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18690-04	296
Edward Byrne Memorial Justice Assistance Grant Program	16.738	18690-03	19,803
Edward Byrne Memorial Justice Assistance Grant Program	16.738	28690-01	3,053
<u>Direct Programs:</u>			
State Criminal Alien Assistance Program	16.606	2008APBX0128	37,818
State Criminal Alien Assistance Program	16.606	2008APBX0130	21,558
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2008-CD-BX-0068	39,366
Total U.S. Department of Justice			437,623

JEFFERSON COUNTY, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED September 30, 2009**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY			
<u>Passed Through Texas Department of Public Safety Governor's Division of Emergency Management:</u>			
Citizen Corps - 2007	97.053	2007 GE-T7-0024	5,078
Law Enforcement Terrorism Prevention Program (LETPP) - 2007	97.074	2007 GE-T7-0024	3,098
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1606-DR- Hurricane Rita	228,064
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-3261-DR- Hurricane Gustav	1,860
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1791-DR- Hurricane Ike	9,651,963
Hazard Mitigation Program Grant	97.039	FEMA-1791-DR-001/004	8,112,911
Buffer Zone Protection Program (BZP)	97.078	08-SRA-BZ-48245 2008-BZ-T8-0007	349,809
Emergency Management Performance Grants	97.042	08TX-EMPG-0389	<u>53,277</u>
Total Department of Homeland Security			<u><u>18,406,060</u></u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
<u>Passed Through Texas Department of Protective & Regulatory Services:</u>			
Children's Justice Grants to States	93.643	23362284	1,116
<u>Passed Through Texas Department of State Health Services:</u>			
Cooperative Agreements for State Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	DIAB/CDSP 2009-031075-001	23,263
Cooperative Agreements for State Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	DIAB/CDSP 2008-025452	40,484
<u>Passed Through Texas Juvenile Probation Commission:</u>			
Foster Care - Title IV-E	93.658	TJPC-E-2008-123	<u>296,097</u>
Total U.S. Department of Health & Human Services			<u><u>360,960</u></u>
U.S. ELECTION ASSISTANCE COMMISSION			
<u>Passed Through Texas Secretary of State:</u>			
Help America Vote Act Requirements Payments	90.401	N/A	<u>59,624</u>
Total U.S. Election Assistance Commission			<u><u>59,624</u></u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 27,242,052</u></u>

1. The County utilizes the fund types specified in the Resource Guide.

Special Revenue Funds – are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

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 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 2009.

**JEFFERSON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **unqualified**

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ Yes X none reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ Yes X none reported

Type of auditor's report issued on compliance for major programs: **unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ Yes X No

The major programs of the County include:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants – Public Assistance (Rita)
97.036	Disaster Grants – Public Assistance (Gustav)
97.036	Disaster Grants – Public Assistance (Ike)
97.039	Hazard Mitigation Program Grant

The dollar threshold used to distinguish between Type A and Type B programs: \$ 817,262.

Auditee qualified as low-risk auditee? X Yes ___ No

II. Findings Relating to the Financial Statements Which Are Required to be 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 costs to be reported.

PATRICK SWAIN
COUNTY AUDITOR
(409) 835-8500



1149 PEARL ST. - 7TH FLOOR
BEAUMONT, TEXAS 77701

JEFFERSON COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

There was no prior year audit findings.

PATRICK SWAIN
COUNTY AUDITOR
(409) 835-8500



1149 PEARL ST. - 7TH FLOOR
BEAUMONT, TEXAS 77701

**JEFFERSON COUNTY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

There was no corrective action plan needed.