

# **JEFFERSON COUNTY, TEXAS**

## **SINGLE AUDIT REPORT**

**For Fiscal Year  
September 30, 2015**



**JEFFERSON COUNTY, TEXAS**

**SINGLE AUDIT REPORT**

**TABLE OF CONTENTS**

**SEPTEMBER 30, 2015**

**Page  
Number**

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 <i>Government Auditing Standards</i> .....	1 – 2
Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 State of Texas Uniform Grant Management Standards.....	3 – 5
Schedule of Expenditures of Federal and State Awards.....	6 – 9
Notes to Schedule of Expenditures of Federal and State Awards .....	10
Schedule of Findings and Questioned Costs.....	11
Summary Schedule to Prior Audit Findings .....	12

**THIS PAGE LEFT BLANK INTENTIONALLY**



P A T T I L L O , B R O W N & H I L L , L . L . P .  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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 Commissioners Court  
Jefferson County, Texas

We have audited, 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, 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, 2015, and the related notes to the financial statements, which collectively comprise Jefferson County, Texas' basic financial statements, and have issued our report thereon dated March 17, 2016.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Jefferson County, Texas' internal control over financial reporting (internal control) to determine 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 Jefferson County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson County, Texas' 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 entity'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Jefferson County, Texas' 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 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*.

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson County, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 17, 2016



P A T T I L L O , B R O W N & H I L L , L . L . P .  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133 AND THE STATE OF TEXAS  
UNIFORM GRANT MANAGEMENT STANDARDS**

To the Honorable County Judge and  
Commissioners Court  
Jefferson County, Texas

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

We have audited Jefferson County, Texas' compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the State of Texas *Uniform Grants Management Standards* 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, 2015. Jefferson County, Texas' major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Jefferson County, Texas' major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State of Texas *Uniform Grant Management Standards*. Those standards, OMB Circular A-133, and the State of Texas *Uniform Grant Management Standards* 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 or state program occurred. An audit includes examining, on a test basis, evidence about Jefferson County, Texas' 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of Jefferson County, Texas' compliance.

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

In our opinion, Jefferson County, Texas complied, in all material respects, with the types of 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, 2015.

**Report on Internal Control Over Compliance**

Management of Jefferson County, Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jefferson County, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Texas *Uniform Grant Management Standards*, 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 Jefferson County, Texas' 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 or 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 or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the State of Texas Uniform Grant Management Standards**

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, 2015, and the related notes to the financial statements, which collectively comprise Jefferson County, Texas' basic financial statements. We issued our report thereon dated March 17, 2016, 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 federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State of Texas Uniform 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 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 federal and state awards is 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 OMB Circular A-133 and the State of Texas *Uniform Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

*Patillo, Brown & Hill, L.L.P.*

Waco, Texas  
March 17, 2016

**THIS PAGE LEFT BLANK INTENTIONALLY**

**JEFFERSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**YEAR ENDED SEPTEMBER 30, 2015**

<b>Federal Grantor/Pass-through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Grantor's ID Number</b>	<b>Federal Expenditures</b>
<b><u>FEDERAL PROGRAMS</u></b>			
<b><u>U. S. Department of Agriculture</u></b>			
Passed through the Texas Department of Agriculture			
Summer Food Service Program	10.559	123-1007	\$ <u>1,648</u>
Total Passed through the Texas Department of Agriculture			<u>1,648</u>
Total U. S. Department of Agriculture			<u>1,648</u>
<b><u>U. S. Department of Housing and Urban Development</u></b>			
Passed through the Texas General Land Office			
Community Development Block Grants/States Program - Ike	14.228	DRS-010219	2,532,460
Community Development Block Grants/States Program - Ike Round 2.2	14.228	DRS-220219	572,158
Cheek Step Sewer Improvement, Phase #4	14.228	TDCP-713250	<u>254,000</u>
Total Passed through the Texas General Land Office			<u>3,358,618</u>
Total U. S. Department of Housing and Urban Development			<u>3,358,618</u>
<b><u>U.S. Department of the Interior</u></b>			
Passed through the U.S. Fish and Wildlife Service			
Coastal Impact Assistance	15.668	11-239-0000-4825	43,738
Coastal Impact Assistance	15.668	13-242-0000-7440	<u>315,872</u>
Total Passed through the U.S. Fish and Wildlife Service			<u>359,610</u>
<b><u>U. S. Department of Justice</u></b>			
Passed through the City of Beaumont			
Edward Byrne Memorial Formula Grant Program	16.579	2012DJBX0253	230
Edward Byrne Memorial Formula Grant Program	16.579	2014DJBX0530	<u>15,117</u>
Total Passed through the City of Beaumont			<u>15,347</u>

**JEFFERSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**YEAR ENDED SEPTEMBER 30, 2015**

<b>Federal Grantor/Pass-through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Grantor's ID Number</b>	<b>Federal Expenditures</b>
<b><u>U. S. Department of Justice</u></b>			
Passed through the Office of the Governor, Criminal Justice Division			
Violence Against Women Formula Grants	16.588	13466-17	\$ 72,736
Violence Against Women Formula Grants	16.588	13466-18	5,989
Total Program 16.588			<u>78,725</u>
Crime Victim Assistance - Crime Victim's Clearinghouse	16.575	21032-06	45,838
Crime Victim Assistance - Crime Victim's Clearinghouse	16.575	21032-07	5,779
Total Program 16.575			<u>51,617</u>
Juvenile Accountability Block Grants	16.523	28091-01	83,332
Juvenile Accountability Block Grants	16.523	28091-02	3,413
Total Program 16.523			<u>86,745</u>
Total Passed through the Office of the Governor, Criminal Justice Division			<u>217,087</u>
Direct Program			
State Criminal Alien Assistance Program (SCAAP)	16.606	2014APBX0638	17,676
Total Program 16.606			<u>17,676</u>
Total U. S. Department of Justice			<u>250,110</u>
<b><u>U. S. Department of Transportation</u></b>			
Construction of Taxiway D Reconstruction, Runway Safety Area Grading, RW 16/34 Rehabilitation, Design of Partial Reconstruction for RW 12/30, Taxiway E & F and and DBE/ACDBE Program Update	20.106	3-48-0018-030-2014	\$ 2,398,894
Total Passed through Federal Aviation Administration			<u>2,398,894</u>
Passed through Texas Department of Transportation			
Violent Offender Task Force	20.601	2014-JLEOTFS4, 25302-TFO Overtime	10,833
Selective Traffic Enforcement Program - Impaired Driver Mobilization	20.601	2015-Jefferson-S-IYG-0095	34,668
Total Passed through Texas Department of Transportation			<u>45,501</u>
Total U. S. Department of Transportation			<u>2,444,395</u>
<b><u>U. S. Department of Health and Human Services</u></b>			
Passed through Texas Department of Family & Protective Services			
Foster Care - Title IV-E Child Welfare Services	93.658	23939002	30,181
Foster Care - Title IV-E Legal Services	93.658	23939003	62,105
Total Passed through Texas Department of Family & Protective Services			<u>92,286</u>
Total U. S. Department of Health and Human Services			<u>92,286</u>

**JEFFERSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**YEAR ENDED SEPTEMBER 30, 2015**

<b>Federal Grantor/Pass-through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Grantor's ID Number</b>	<b>Federal Expenditures</b>
<b><u>U. S. Department of Homeland Security</u></b>			
Passed through the Texas Division of Emergency Management			
Homeland Security Grant Program - 2014 LETPA/LEAP	97.073	EMW-2014-22-00029	\$ <u>59,915</u>
Total Program 97.073			<u>59,915</u>
Passed through the Texas Division of Emergency Management			
Emergency Management Performance Grant	97.042	15TX-EMPG-0389	<u>41,004</u>
Total Passed through the Texas Division of Emergency Management			<u>100,919</u>
<b><u>U. S. Department of Homeland Security</u></b>			
Direct Programs			
2012 Port Security Grant	97.056	EMW2013PU00321	\$ 92,299
2013 Port Security Grant	97.056	EMW2014PO00143	<u>54,000</u>
Total Direct Programs			<u>146,299</u>
Total U. S. Department of Homeland Security			<u>247,218</u>
Total Expenditures of Federal Awards			\$ <u>6,753,885</u>

**JEFFERSON COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**YEAR ENDED SEPTEMBER 30, 2015**

<b>State Grantor/Pass-through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Grantor's ID Number</b>	<b>State Expenditures</b>
<b><u>Texas Department of Motor Vehicles</u></b>			
Motor Vehicle Salvage/Theft Reduction Program		2015-T01-City of-00014	\$ 79,345
Motor Vehicle Salvage/Theft Reduction Program		608-16-1230100	<u>6,759</u>
Total Department of Motor Vehicles			<u>86,104</u>
<b><u>Texas Department of Transportation</u></b>			
Routine Airport Maintenance Grant		M1520BMPT	50,000
County Transportation Infrastructure Fund Grant		N/A	<u>835,889</u>
Total Department of Transportation			<u>885,889</u>
<b><u>Texas Department of Criminal Justice</u></b>			
Family Treatment Drug Court		1869009	25,434
Family Treatment Drug Court		1869010	1,081
Drug Court		1604514	50,718
Drug Court		1604515	<u>1,400</u>
Total Department of Criminal Justice			<u>78,633</u>
<b><u>Texas Indigent Defense Commission</u></b>			
Indigent Defense Formula Grant FY 15			<u>224,478</u>
Total Indigent Defense Commission			<u>224,478</u>
<b><u>Texas Commission on Law Enforcement</u></b>			
Law Enforcement Officer Standards and Education		N/A	<u>29,230</u>
Total Texas Commission on Law Enforcement			<u>29,230</u>
<b><u>Texas General Land Office</u></b>			
Keith Lake Fish Pass Baffle		15-075-000-8730	<u>1,041,226</u>
Total Texas General Land Office			<u>1,041,226</u>
Total Expenditures of State Awards			\$ <u>2,345,560</u>
Total Expenditures of Federal and State Awards			\$ <u>9,099,445</u>

## JEFFERSON COUNTY, TEXAS

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

SEPTEMBER 30, 2015

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. Capital Projects Funds are used to account for all resources used for the acquisition or construction of capital facilities. Federal and state financial assistance generally is accounted for in a Special Revenue Fund, Capital Projects Funds, Enterprise Funds or the General Fund. GASB Statement No. 54 allows grants used for the construction or acquisition of capital assets to be accounted for in the Capital Projects Funds. Generally, used 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. Most federal and state grant funds were accounted for in the Special Revenue Funds, Capital Projects Funds, or the General Fund, components 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. The County also accounts for grants in its enterprise funds. The accrual basis of accounting is used for enterprise funds.

Federal and 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.

3. The period of availability for federal and state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal or state project period, extended 30 days beyond the federal or state 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 June 2013.

# JEFFERSON COUNTY, TEXAS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

### Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

None

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster:</u>
20.106	Airport Improvement Program
State	Keith Lake Fish Pass Baffle
State	County Transportation Infrastructure Fund Grant

Dollar threshold used to distinguish between type A and type B federal programs

\$300,000

Dollar threshold used to distinguish between type A and type B state programs

\$300,000

Auditee qualified as low-risk auditee? for federal single audit?

Yes

Auditee qualified as low-risk auditee? for state single audit?

Yes

### Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

### Findings and Questioned Costs for Federal and State Awards

None

**JEFFERSON COUNTY, TEXAS**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

None

**THIS PAGE LEFT BLANK INTENTIONALLY**