

COLORADO COUNTY, TEXAS
SINGLE AUDIT REPORTS AND SCHEDULES
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2013

COLORADO COUNTY, TEXAS
Single Audit Reports and Schedules
Year Ended December 31, 2013
Table of Contents

Page

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
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 and Texas Uniform Grant Management Standards (UGMS)	2
Schedule of Prior Audit Findings	4
Schedule of Findings and Questioned Costs	5
Corrective Action Plan	6
Schedules of Expenditures of Federal and State Awards	7
Notes to Schedules of Expenditures of Federal and State Awards	9

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*

The Honorable Judge and County Commissioners
Colorado County
Columbus, Texas

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of Colorado County, Texas (the "County"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 the County's 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 9, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
AND TEXAS UNIFORM GRANT MANAGEMENT STANDARDS (UGMS)

The Honorable Judge and County Commissioners
Colorado County
Columbus, Texas

Report on Compliance for Each Major State Program

We have audited Colorado County, Texas' (the "County") compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* ("UGMS"), that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2013. The County's 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 the County's 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 UGMS. Those standards, OMB Circular A-133 and UGMS 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 and state 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Program

In our opinion, the County 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 December 31, 2013.

Report on Internal Control Over Compliance

Management of the County 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 the County's 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 state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and UGMS, 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 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 Schedules of Expenditures of Federal and State Awards Required by OMB Circular A-133 and State of Texas Uniform Grant Management Standards

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 December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 9, 2014, 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 Schedules of expenditures of federal and State Awards are presented for purposes of additional analysis as required by OMB Circular A-133 and UGMS 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 Schedules of Expenditures of Federal and State Awards are 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 A-133 Circular A-133 and UGMS. Accordingly, this report is not suitable for any other purpose.

June 9, 2014

COLORADO COUNTY, TEXAS
Schedule of Prior Audit Findings
December 31, 2013

Not applicable

COLORADO COUNTY, Texas
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

I. Summary of Auditors' Results

The auditors' report expresses an unqualified opinion on the financial statements.

No reportable conditions were disclosed during the audit of the financial statements.

No instances of noncompliance material to the financial statements of Colorado County, Texas were disclosed during the audit.

No reportable conditions in the internal over major federal or state award programs were disclosed during the audit.

The auditors' report on compliance for the major federal and state award programs for Colorado County, Texas expresses an unqualified opinion on all major programs.

Audit findings are reported in accordance with OMB Circular A-133 and Texas Uniform Grant Management Standards.

The programs tested as major programs included:

Federal:

U.S. Department of Homeland Security – SHSP 97.067

State:

Texas Historical Commission – Courthouse Restoration - Interior

The threshold used to distinguish between Type A and Type B state programs was \$300,000.

The County was not qualified as a low-risk auditee.

II. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards.

No findings to be reported.

III. Findings and Questioned Costs for State Awards

No findings to be reported.

Prior Year Financial Statement, Federal and State Award Findings and Questioned Costs

N/A

Corrective Action Plan

N/A

COLORADO COUNTY, TEXAS
Corrective Action Plan
December 31, 2013

Not applicable

COLORADO COUNTY, TEXAS
Schedules of Expenditures of Federal and State Awards
December 31, 2013

Federal Grant /Pass Through Grantor/Program Title	Number	Number	Expenditures
FEDERAL GRANTS			
Indirect Grants			
U. S. Department of Housing and Urban Development			
Passed through Texas Department of Rural Affairs			
Community Development Block Grant/State's Program			
Rock Island WSC	14.228	GR710941	\$ 256,386
Total U.S. Department of Housing and Urban Development			<u>256,386</u>
U. S. General Services Administration			
Passed through Texas Facilities Commission			
Donation of Federal Surplus Personal Property	39.003	SU-09-J20-22322-01	2,801
Total U.S. General Services Administration			<u>2,801</u>
U. S. Department of Health and Human Services			
Passed through Texas Department of Family and Protective Services			
ARRA - Title VI-E Child Welfare Services	93.658	23380461	936
ARRA - Title VI-E Legal Services	93.658	23380462	3,402
Passed through Office of Texas Attorney General			
Title IV-D - Child Support Enforcement	93.563		13,698
Total U.S. Department of Health and Human Services			<u>18,036</u>
U.S. Department of Homeland Security			
Passed through Texas Department of Public Safety			
2011 State Homeland Security Program - SHSP LETPA	97.067	2011 SHSP LETPA	280,000 #
2012 State Homeland Security Program - SHSP	97.067	2012 SHSP	225,023 #
Total U.S. Department of Homeland Security			<u>505,023</u>
Total Federal Financial Assistance - Current Period Expenditures			<u>\$ 782,246</u>

Major programs

COLORADO COUNTY, TEXAS
Schedules of Expenditures of Federal and State Awards
December 31, 2013

<u>State Grant Program Title</u>	<u>Number</u>	<u>Expenditures</u>
STATE GRANTS		
Texas Department of Transportation Aviation Ramp Grant	M313CLBUS	\$ 4,412
Texas Historical Commission Courthouse Restoration - Interior	Colorado 07-2012	<u>2,477,546</u> #
Total State Grants		<u>\$ 2,481,958</u>

Major programs

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedules of Expenditures of Federal and State Awards presents the activity of all federal and state award programs of Colorado County, Texas (the "County"). The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal and state awards received directly by the primary government from federal and state agencies, as well as state awards passed through other government agencies, are included in the scope of OMB Circular A-133 and the State of Texas Uniform Grant Management Standards and are included on the Expenditures of Federal and State Awards.

Basis of Accounting

The accompanying Schedules of Expenditures of Federal and State Awards are presented using the modified accrual basis of accounting for governmental funds, which are described in Note 1 of the County's Comprehensive Annual Financial Report.

B - RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying Schedules of Expenditures of Federal and State Awards may not agree with the amounts reported in the related federal and state financial reports filed with grantor agencies because those reports are filed on a cash basis.

C - CONTINGENCIES

The County participates in several federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2013 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.