

BURNET COUNTY, TEXAS

FEDERAL AND STATE SINGLE AUDIT REPORT

Year Ended September 30, 2012

BURNET COUNTY, TEXAS
FEDERAL AND STATE SINGLE AUDIT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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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
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Honorable Judge and Members
of the Commissioners' Court of
Burnet County, Texas
Burnet, TX 78611

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Burnet County, Texas (the "County"), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 25, 2013. 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

Management of Burnet County, Texas is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

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 deficiencies, 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 Burnet County, Texas' 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 Burnet County, Texas in a separate letter dated March 25, 2013.

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

Neffendorf, Knopp, Dooss + Company, P.C.

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

March 25, 2013

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.

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**INDEPENDENT AUDITOR'S 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**

Independent Auditor's Report

To the Honorable Judge and Members
of the Commissioners' Court of
Burnet County, Texas
Burnet, TX 78611

Compliance

We have audited the compliance of Burnet 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 could have a direct and material effect on each of Burnet County, Texas' major federal or state programs for the year ended September 30, 2012. The County's major federal and state 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 and state 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 or 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Burnet County, Texas complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of Burnet County, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state 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, but not for the purpose of expressing an opinion of 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.

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 deficiencies, 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 and State Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Burnet County, Texas, as of and for the year ended September 30, 2012, and have issued our report thereon dated March 25, 2013, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 financial statement or to the 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 financial statements as a whole.

This report is intended for the information and use of the Commissioners' Court, the county management, federal and state awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

Neffendorf, Knopp, Dooss & Company, P.C.

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas
March 25, 2013

BURNET COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

I. Summary of the Auditor's Results:

- a. An unqualified opinion was issued on the financial statements of the County of Burnet, Texas.
- b. There were no significant deficiencies or material weaknesses in internal control disclosed by the audit of the financial statements.
- c. The audit did not disclose any material noncompliance.
- d. There were no significant deficiencies or material weaknesses in internal control over major programs.
- e. An unqualified opinion was issued on compliance for major programs.
- f. The audit did not disclose any findings required to be reported under Section_510(a).
- g. The major programs tested were:

FEDERAL MAJOR PROGRAMS TESTED

Grantor Agency	Pass –through Grantor	Program or Cluster	CFDA # Project #
DEPARTMENT OF HOMELAND SECURITY	TEXAS DIVISION OF EMERGENCY MANAGEMENT	2009 STATE HOMELAND SECURITY	97.073 2009-SS-T9-0064
DEPARTMENT OF HOMELAND SECURITY	TEXAS DIVISION OF EMERGENCY MANAGEMENT	2010 STATE HOMELAND SECURITY	97.073 2010-SS-T0-0008
DEPARTMENT OF HOMELAND SECURITY	TEXAS DIVISION OF EMERGENCY MANAGEMENT	2011 STATE HOMELAND SECURITY	97.073 2011-SS-00019
DEPARTMENT OF HOMELAND SECURITY	TEXAS DIVISION OF EMERGENCY MANAGEMENT	2011 HOMELAND SECURITY CCP	97.073 CCP 11-SR 48053-02
DEPARTMENT OF HOMELAND SECURITY	TEXAS DIVISION OF EMERGENCY MANAGEMENT	2012 HOMELAND SECURITY CCP	97.073 CCP 11-SR 48053-03

STATE MAJOR PROGRAMS TESTED

Grantor Agency	Pass –through Grantor	Program or Cluster	CFDA # Project #
DIRECT PROGRAM	TEXAS INDIGENT DEFENSE COMMISSION	TEXAS INDIGENT DEFENSE COMMISSION – PUBLIC DEFENDER OFFICE	N/A 212-12-D01
DIRECT PROGRAM	AUTOMOBILE BURGLARY & THEFT PREVENTION AUTHORITY	2012 HEART OF TEXAS AUTO THEFT TASK FORCE	N/A SA-T01-100071-12

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. The County of Burnet, Texas did not qualify as a low risk auditee.

II. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

- None -

III. Findings and Questioned Costs for Federal and State Awards

- None -

BURNET COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS/CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2012

- NONE -

BURNET COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

(1)	(2)	(3)	(4)
FEDERAL OR STATE GRANTOR PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
FEDERAL AWARDS			
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>Direct Programs</u>			
Criminal Alien Assistance Program	16.606	2011-H3253-TX-AP	\$ 12,045
Bulletproof Vest Partnership Program	16.607	OMB#1121-0235	1,675
Total Direct Programs			<u>13,720</u>
<u>Passed Through Texas Criminal Justice Division</u>			
33rd & 424th Judicial Districts Drug Court Discretionary Grant Program FY	16.738	DJ-10-A10-17385-08	58,011
33rd & 424th Judicial Districts Drug Court Discretionary Grant Program FY	16.738	DJ-09-A10-17385-09	3,792
Warrant/Bond Division Enhanced Project	16.738	DJ-09-A10-24408-01	36,337
Warrant/Bond Division Enhanced Project	16.738	DJ-09-A10-24408-02	2,083
Total Passed Through Texas Criminal Justice Division			<u>100,223</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>113,942</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Passed Through Texas Division of Emergency Management</u>			
State Homeland Security Grant Program CCP 2011	97.073	CCP 11-SR 48053-02	1
State Homeland Security Grant Program CCP 2012	97.073	CCP 11-SR-48053-03	3,924
State Homeland Security Grant Program SHSP 2009	97.073	2009-SS-T9-0064	50,333
State Homeland Security Grant Program LEAP 2009	97.073	2009-SS-T9-0064	167,218
State Homeland Security Grant Program LETPA 2010	97.073	2010-SS-T0-0008	176,180
State Homeland Security Grant Program SHSP 2011	97.073	2011-SS-00019	212,283
State Homeland Security Grant Program LETPA 2011	97.073	2011-SS-00019	51,737
Total Passed Through Texas Division of Emergency Management			<u>661,677</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>661,677</u>
<u>U.S. GENERAL SERVICES ADMINISTRATION</u>			
<u>Passed Through Texas Facilities Commission</u>			
Donation of Federal Surplus Personal Property	39.003	10650	388
Total Passed Through Texas Facilities Commission			<u>388</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>776,007</u>

BURNET COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

(1)	(2)	(3)	(4)
FEDERAL OR STATE GRANTOR PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
STATE AWARDS			
<u>DIRECT PROGRAMS</u>			
<u>Texas Indigent Defense Commission</u>			
Indigent Defense Formula		212-11-027	57,292
Texas Indigent Defense Commission - Public Defender Office		212-12-D01	339,791
Total Texas Indigent Defense Commission			397,083
<u>Texas Veterans Commission Fund for Veterans' Assistance</u>			
Texas Veterans Commission - Vet rides		FVA_10_0006	1,829
Texas Veterans Commission - Vet rides FY2012		FVA_12_0064	75,130
Total Texas Veterans Commission Fund for Veterans' Assistance			76,960
<u>Office of the Governor, Criminal Justice Division</u>			
Criminal Justice Division - Criminal History Reporting Compliance		SF-A10-23121-01	3,475
Criminal Justice Division - County Essentials Volunteer Fire Department		CE-12-A10-25389-01	37,214
Total Office of the Governor, Criminal Justice Division			40,689
<u>Automobile Burglary & Theft Prevention Authority</u>			
Heart of Texas Auto Theft Task Force/FY 2012		SA-T01-10071-12	291,694
Heart of Texas Auto Theft Task Force/FY 2012		SA-T01-10071-13	20,642
Total Automobile Burglary & Theft Prevention Authority			312,335
<u>Texas Water Development Board</u>			
Texas Water Development Board - Regional Water Planning		1004831072	138,500
Total Texas Water Development Board			138,500
<u>Secretary of State Elections Division</u>			
Chapter 19		N/A	6,370
Total Secretary of State Elections Division			6,370
TOTAL DIRECT PROGRAMS			971,938

BURNET COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

(1)	(2)	(3)	(4)
FEDERAL OR STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
STATE AWARDS CONTINUED			
<u>CAPITAL AREA PLANNING COUNCIL OF GOVERNMENTS</u>			
<u>Passed Through Texas Commission on State Emergency Communications</u>			
Capital Area Planning Council of Governments 911 PSAP FY 2012			1,000
Capital Area Planning Council of Governments 911 Database FY 2013			5,549
Capital Area Planning Council of Governments 911 Database FY 2012			69,605
Total Pass Through Capital Area Planning Council of Governments			<u>76,154</u>
<u>Passed Through Texas Commission on Environmental Quality</u>			
Capital Area Planning Council of Governments HHW FY 2012		10-12-G06	8,766
Total Pass Through Texas Commission on Environmental Quality			<u>8,766</u>
TOTAL CAPITAL AREA PLANNING COUNCIL ON GOVERNMENTS			<u>84,920</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 1,056,858</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ 1,832,865</u>

BURNET COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2012

1. For all Federal and State programs, the County uses the fund types specified by the Governmental Accounting Standards Board. The General Fund is the chief operating fund of the government and is used to account for all financial resources not accounted for in some other fund. Special Revenue funds are a governmental fund type used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments. Capital Project funds are a governmental fund type used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets and exclusive of resources held in trust for individuals, private organizations, or other governments. Generally, federal and state financial assistance is accounted for in the General Fund, Special Revenue Funds, or Capital Project Funds.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal and State grant funds were accounted for either in the General Fund, Capital Projects Fund, or in a Special Revenue Fund, which are Governmental Fund types. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues 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 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 deferred 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 and state project period extended 30 days beyond the federal and 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 Statement - Provisional 6/97.