

BURNET COUNTY, TEXAS

FEDERAL SINGLE AUDIT REPORT

Year Ended September 30, 2010

BURNET COUNTY, TEXAS
FEDERAL SINGLE AUDIT
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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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 units, each major fund, and the aggregate remaining fund information of Burnet County, Texas (the "County"), as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 16, 2011. 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 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 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 of Burnet, in a separate letter dated March 16, 2011.

This report is intended solely for the information and use of the Commissioners' Court, management, federal 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 16, 2011

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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's major federal programs for the year ended September 30, 2010. The County's 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, Burnet County, 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 programs for the year ended September 30, 2010.

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 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 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 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 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.

This report is intended for the information of the County Judge and Commissioners' Court, the county management, federal 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, Doss & Company, P.C.

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

March 16, 2011

BURNET COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

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).
- d. The major programs tested were:

<u>Program</u>	<u>CFDA No.</u>	<u>Pass Through Agency</u>
<u>U.S. DEPARTMENT OF JUSTICE</u> ARRA – Edward Byrne Memorial Justice Assistance Grant Program	16.803	Texas Criminal Justice Division
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> State Homeland Security Grant Program 2008	97.073	Texas Division of Emergency Management

- e. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- f. 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 Awards

- None -

BURNET COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS/CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2010

- NONE -

BURNET COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>Direct Programs</u>			
Criminal Alien Assistance Program	16.606	2010-AP-BX-0577	\$ 6,444
Bulletproof Vest Partnership Program FY 2008	16.607	OMB#1121-0235	1,360
Bulletproof Vest Partnership Program FY 2009	16.607	OMB#1121-0235	2,979
Total Direct Programs			10,783
<u>Passed Through Texas Criminal Justice Division</u>			
33rd & 424th Judicial Districts Drug Court Discretionary Grant Program FY 2010	16.738	DJ-08-A10-17385-06	58,720
33rd & 424th Judicial Districts Drug Court Discretionary Grant Program FY 2011	16.738	DJ-09-A10-17385-07	5,216
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.803	SU-09-A10-22010-01	160,684
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.804	2009-SB-B9-1241	8,707
Total Passed Through Texas Criminal Justice Division			233,327
<u>Office of Juvenile Justice and Delinquency Prevention</u>			
<u>Passed Through The Texas Alcoholic Beverage Commission</u>			
Enforcing Underage Drinking Laws Program	16.627	80808	2,465
TOTAL U.S. DEPARTMENT OF JUSTICE			246,575
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>			
<u>Passed Through Texas Secretary of State</u>			
HAVA County Education Fund	39.011	77323	1,025
General HAVA Compliance	90.401	78502	25,904
Total Passed Through Texas Secretary of State			26,929
TOTAL U.S. ELECTION ASSISTANCE COMMISSION			26,929
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Passed Through Capital Area Council of Governments</u>			
Burnet County Citizen Corps	97.053	2009-SS-T9-0064	5,837
<u>Passed Through Texas Division of Emergency Management</u>			
State Homeland Security Grant Program 2007	97.073	2007-GE-T7-0024	273,759
State Homeland Security Grant Program 2008	97.073	2008-GE-T8-0034	343,941
State Homeland Security Grant Program 2009	97.073	2009-SS-T9-0064	86,328
Total Passed Through Texas Division of Emergency Management			704,028
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			709,865
<u>U.S. DEPARTMENT OF ENERGY</u>			
<u>Passed Through Texas Comptroller of Public Accounts</u>			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	CS0441	21,762
TOTAL U.S. DEPARTMENT OF ENERGY			21,762
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,005,131

BURNET COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2010

1. For all Federal programs, the County uses the fund types specified by the Governmental Accounting Standards Board. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal financial assistance generally is accounted for in the Special Revenue Fund.
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 grant funds were accounted for either in the General 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 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 Statement - Provisional 6/97.