

BURNET COUNTY, TEXAS

FEDERAL SINGLE AUDIT REPORT

Year Ended September 30, 2009

BURNET COUNTY, TEXAS
FEDERAL SINGLE AUDIT
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 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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 12, 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 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 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 reliably 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.

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 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*.

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, Doos & Company, P.C.

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

March 12, 2010

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO 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 are applicable to each of its major federal programs for the year ended September 30, 2009. 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, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended September 30, 2009.

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 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 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 *control deficiency* in an entity'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 entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control.

Our consideration of 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.

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, Doos + Company, P.C.

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

March 12, 2010

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

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 program tested was: U.S. Department of Homeland Security

Program	CFDA No.	Pass Through Agency
State Homeland Security Grant Program	97.067	Texas Division of Emergency Management
Federal Emergency Management Agency Disaster Grant	97.036	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 qualified 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, 2009

- NONE -

BURNET COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

(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	2009-G3970-TX-A	\$ 3,558
Bulletproof Vest Partnership Program	16.607	2009BUBX08045456	2,540
Total Direct Programs			<u>6,098</u>
<u>Passed Through Texas Criminal Justice Division</u>			
33rd & 424th Judicial Districts Drug Court Discretionary Grant Program	16.585	DJ-07-A10-17385	43,779
33rd & 424th Judicial Districts Drug Court Discretionary Grant Program	16.585	DJ-07-A10-17385	16,798
Total CFDA Number 16.585			<u>60,577</u>
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program	16.804	2009-SB-B9-1241	15,208
Total Passed Through Texas Criminal Justice Division			<u>75,785</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>81,883</u>
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>			
<u>Passed Through Texas Secretary of State</u>			
HAVA County Education Fund	90.401	2006-AP-BX-0302	1,034
Total Passed Through Texas Secretary of State			<u>1,034</u>
TOTAL U.S. ELECTION ASSISTANCE COMMISSION			<u>1,034</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Passed Through Texas Division of Emergency Management</u>			
Federal Emergency Management Agency-Disaster Grant	97.036	FEMA-1709-DR-TX	272,037
State Homeland Security Grant Program	97.067	2007-GE-T7-0024	366,723
Total Passed Through Texas Division of Emergency Management			<u>638,760</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>638,760</u>
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>			
<u>Passed Through Office of Rural Community Affairs</u>			
Texas Community Development Block Grant	14.255	727287	87,927
Total Passed Through Office of Rural Community Affairs			<u>87,927</u>
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			<u>87,927</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>809,604</u>

BURNET COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2009

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.