

FORT BEND COUNTY, TEXAS
FEDERAL SINGLE AUDIT REPORT
For the Year Ended September 30, 2015

FORT BEND COUNTY, TEXAS

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REPORT OF INDEPENDENT AUDITORS 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 Robert E. Hebert, County Judge
and Members of Commissioners Court
Fort Bend County, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fort Bend County, Texas (the “County”), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated March 31, 2016.

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.

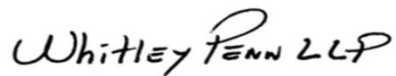
To the Honorable Robert E. Hebert, County Judge
and Members of Commissioners Court
Fort Bend County, Texas

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*.

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 purposes.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
March 31, 2016

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY *OMB CIRCULAR A-133*

To the Honorable Robert E. Hebert, County Judge
and Members of Commissioners Court
Fort Bend County, Texas

Report on Compliance for Each Major Federal Program

We have audited Fort Bend County, Texas' (the "County") compliance 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 the County's major federal programs for the year ended September 30, 2015. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal 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; 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

To the Honorable Robert E. Hebert, County Judge
and Members of Commissioners Court
Fort Bend County, Texas

Opinion on Each Major Federal Program

In our opinion, the 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, 2015.

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 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 program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 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 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. *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 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 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.

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. Accordingly, this report is not suitable for any other purpose.

To the Honorable Robert E. Hebert, County Judge
and Members of Commissioners Court
Fort Bend County, Texas

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated March 31, 2016, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 other 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 Awards is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Whitley Penn LLP

Houston, Texas
March 31, 2016

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended September 30, 2015

I. Summary of Auditors' Results	
Financial Statements	
Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) 2-7 OMB Circular A-133?	No
Identification of major programs	
Name of Federal Program or Cluster	CFDA Numbers
Community Development Block Grants/Entitlement Grants	14.218
Highway Planning and Construction:	
ROW Spur 10	20.205
Fort Bend County Major Thoroughfare Plan	20.205
Federal Transit Cluster:	
Section 5307 Urban Public Transportation	20.507
Section 5339 Bus and Bus Facilities Program	20.526
Formula Grants for Rural Areas:	
Section 5311 State/Local Rural Public Transportation	20.509
Transit Services Programs Cluster:	
Section 5316 Job Access/Reverse Commute Federal Funds	20.516
Section 5317 New Freedom Federal Funds	20.521
Public Health Emergency Preparedness:	
Hazards	93.069
Cities Readiness Initiative	93.069
Bioterrorism Discretionary	93.069
High Intensity Drug Trafficking Areas	95.001
Homeland Security Grant Program:	
Urban Area Security Initiative	97.067
1. Dollar Threshold Considered Between Type A and Type B Federal Programs	\$620,758
2. Auditee qualified as low-risk auditee?	No

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended September 30, 2015

II. Financial Statement Findings

None noted

III. Federal Award Findings and Questioned Costs

None noted

IV. Status of Prior Year Findings and Questioned Costs

Finding #14-01 - Accounting for Fines and Fees

Resolved. During fiscal year 2015, the County Auditor's Office began to analyze the detail transactions for the fines and fees, and arrived at an accurate assessment by September 30, 2015.

Finding #14-02 - Capital Asset Accounting – Joint Funded Projects

Resolved. The County engaged a consultant to audit the capital asset transactions. This engagement included tracing fixed assets capitalized from the end of the most recently completed fiscal year to the date of GASB 34 conversion in order to:

- a. Evaluate the appropriate amount capitalized to include the relationship of capital projects to their funding source,
- b. Evaluate if the amount is appropriately classified as a fixed asset (ownership),
- c. Evaluate and classify the depreciation methodology attached,
- d. Evaluate and classify the risk management methodology associated,
- e. Evaluate potential impairment and impairment identification methodologies, and
- f. Evaluate asset classifications as they relate to the County's existing strategic asset management program.

At the conclusion of this engagement, based on the results of the report we received, all adjustments have been made during the fiscal year ended September 30, 2015.

Finding #14-03 - Capital Asset Accounting – Construction in Progress (“CIP”)

Resolved. The County Auditor's Office began an analysis of the CIP process during fiscal year 2015 and developed a solution that follows the outcome of the findings of the engagement noted in Finding # 14-02 above.

Finding #14-04 - Capital Asset Accounting – Donated/Contributed Assets

Resolved. The County Auditor's Office established and put in service policies and procedures for the evaluation and capitalization of these transactions using recommendations of the Independent Auditor as a result of the engagement noted in Finding #14-02 above.

Finding #14-05 - Stale Receivables

Resolved. The County Auditor's Office obtained a formal confirmation from the funding agency as to the status of the stale receivables, as well as an anticipated receipt date.

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
<u>Passed-through the Texas Department of Agriculture - Food and Nutrition Division:</u>			
Child Nutrition Cluster:			
Food Donation (Program Year 2015: 10/1/14 - 9/30/15)	10.555	079017A2015	\$ 5,346
School Breakfast Program 2014-2015	10.553	792002	31,016
School Breakfast Program 2015-2016	10.553	792002	8,917
National School Lunch Program 2014-2015	10.555	792002	47,695
National School Lunch Program 2015-2016	10.555	792002	13,344
Summer Food Service Program for Children	10.559	01637	117,506
Total U.S. Department of Agriculture			223,824
U.S. Department of Housing and Urban Development			
<u>Direct Programs:</u>			
Community Development Block Grants/Entitlement Grants 2013	14.218	B-13-UC-48-0004	354,265
Community Development Block Grants/Entitlement Grants 2014	14.218	B-14-UC-48-0004	712,524
Continuum of Care Program	14.267	TX0353L6E001301	194,135
Emergency Solutions Grant Program 2011	14.231	E11-UC-48-0003	2,500
Hearth Emergency Solutions Grant Program 2012	14.231	E12-UC-48-0003	15,777
Hearth Emergency Solutions Grant Program 2013	14.231	E-13UC-48-0003	34,989
Hearth Emergency Solutions Grant Program 2014	14.231	E-14UC-48-0003	142,159
Home Investment Partnerships Program 2012	14.239	M12-UC-48-0216	3,999
Home Investment Partnerships Program 2013	14.239	M-13-UC-48-0216	116,336
Home Investment Partnerships Program 2014	14.239	M-14-UC-48-0216	120,920
Total U.S. Department of Housing and Urban Development			1,697,604
U.S. Department of Justice			
<u>Direct Programs:</u>			
State Criminal Alien Assistance Program FY2015	16.606	2015-AP-BX-0338	237,671
Edward Byrne Justice Assistance Grant FY12	16.738	2012-DJ-BX-0312	7,928
Edward Byrne Justice Assistance Grant FY13	16.738	2013-DJ-BX-0868	13,166
Edward Byrne Justice Assistance Grant FY14	16.738	2014-DJ-BX-0696	51,847
Organized Crime Drug Enforcement Task Forces (0928)	16.111	SW-TXS-0928	17,346
Organized Crime Drug Enforcement Task Forces (0928)	16.111	SW-TXS-0928 (DC 8703)	14,539
Organized Crime Drug Enforcement Task Forces (0928)	16.111	SW-TXS-0928 (DC 8709)	120,902
Organized Crime Drug Enforcement Task Forces (0928)	16.111	SW-TXS-0928	17,742
Organized Crime Drug Enforcement Task Forces (0928)	16.111	SW-TXS-0928	98,000
Organized Crime Drug Enforcement Task Forces (0959)	16.111	SW-TXS-0959	17,362
Organized Crime Drug Enforcement Task Forces (0959)	16.111	SW-TXS-0959 (DC 8705)	8,100
Total Direct Programs			604,603
<u>Passed-through the Office of the Governor Criminal Justice Division:</u>			
Crime Victim Assistance -Victim Witness Staff Expansion-(VOCA) (District Atty)	16.575	VA-1364515	66,557
Crime Victim Assistance -Victim Witness Staff Expansion-(VOCA) (District Atty)	16.575	VA-1364516	5,588
Violence Against Women Formula Grant - Investigator (District Atty)	16.588	WF-1515716	39,729
Violence Against Women Formula Grant - Prosecutor (District Atty)	16.588	WF-1344717	73,948
Violence Against Women Formula Grant - Prosecutor (District Atty)	16.588	WF-1344718	9,138
Crime Victim Assistance -Victim Services Program-Victim of Crime Act (VOCA) (CSCD)	16.575	VA-1364815	33,288
Crime Victim Assistance -Victim Services Program-Victim of Crime Act (VOCA) (CSCD)	16.575	VA-1364816	2,244
Edward Byrne Justice Assistance - Adult Gang Investigator	16.738	DJ-2674102	28,503
Edward Byrne Justice Assistance - Child Abuse Investigator	16.738	DJ-2793601	73,102
Total Passed-through the Office of the Governor Criminal Justice Division			332,097
<u>Passed-through the City of Houston:</u>			
Internet Crimes Against Children Task Force Program: District Atty	16.543	2012-MC-FX-K053	57,819
Internet Crimes Against Children Task Force Program: District Atty	16.543	2015-MC-FX-K046	17,839
Total Passed-through the City of Houston			75,658
Total U.S. Department of Justice			\$ 1,012,358

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation			
<u>Direct Programs:</u>			
Section 5309 Urban Discretionary Transit	20.500	TX04-0041	\$ 1,806
Federal Transit Cluster:			
Section 5307 Urban Public Transportation	20.507	TX90-X915	87,807
Section 5307 Urban Public Transportation	20.507	TX90-X968	1,515,525
Section 5307 Urban Public Transportation	20.507	TX90-Y026	251,177
Section 5307 Urban Public Transportation	20.507	TX90-Y110	10,800
Section 5307 Urban Public Transportation	20.507	TX90-Y120	1,241,388
CMAQ - Westpark P&R	20.507	TX-95-X080	113,232
Section 5307 American Recovery Act (ARRA)	20.507	TX-96-X034	<u>972,560</u>
Total Direct Programs			4,194,295
<u>Passed-through Texas Department of Transportation:</u>			
ROW Spur 10	20.205	CSJ-0187-05-057	816,892
Section 5311 State/Local Rural Public Transportation	20.509	51312F7187	24,690
Section 5311 State/Local Rural Public Transportation	20.509	51312F7288	1,365
Section 5311 State/Local Rural Public Transportation	20.509	51411F7184	160,446
Section 5311 State/Local Rural Public Transportation	20.509	51411F7246	267,860
Section 5311 State/Local Rural Public Transportation	20.509	51511F7125	22,311
Section 5322 State/Local Rural Public Transportation	20.509	512XXF7052	50
Federal Transit Cluster:			
Section 5339 Bus and Bus Facilities Program	20.526	51412F7232	<u>43,569</u>
Total Passed-through Texas Department of Transportation:			1,337,183
<u>Passed-through Houston-Galveston Area Council:</u>			
Fort Bend County Major Thoroughfare Plan	20.205	TP2410-03	<u>59,078</u>
Total Passed-through Houston-Galveston Area Council			59,078
<u>Passed-through Metropolitan Transit Authority of Harris County:</u>			
Transit Services Programs Cluster:			
Section 5316 Job Access/Reverse Commute Federal Funds	20.516	TX37-X059	433,391
Section 5317 New Freedom Federal Funds	20.521	TX57-X006	<u>286,816</u>
Total Passed-through Metropolitan Transit Authority of Harris County			720,207
Total U.S. Department of Transportation			<u>6,310,763</u>
National Endowment of the Humanities			
<u>Passed-through American Library Association:</u>			
Promotion of the Humanities Public Programs - Latino Americans	45.164	LA105232	<u>950</u>
Total National Endowment of the Humanities			<u>950</u>
Institute of Museum and Library Services			
<u>Passed-through Texas State Library & Archives Commission:</u>			
Edge Reimbursement Program	45.310	LS-00-14-0044-14	<u>7,747</u>
Total Institute of Museum and Library Services			<u>7,747</u>
Executive Office of the President			
<u>Direct Programs:</u>			
Office on National Drug Control Policy			
High Intensity Drug Trafficking Areas (HIDTA) (Sheriff's Office)	95.001	G13HN0010A	8,344
High Intensity Drug Trafficking Areas (HIDTA) (Sheriff's Office)	95.001	G14HN0010A	599,700
High Intensity Drug Trafficking Areas (HIDTA) (Sheriff's Office)	95.001	G15HN0010A	<u>102,711</u>
Total Executive Office of the President			<u>\$ 710,755</u>

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health & Human Services			
<u>Passed-through Texas Department of Family & Protective Services:</u>			
<i>Foster Care Title IV-E FY '14 (Legal) ARRA</i>	93.658	23941775	\$ 92,611
<i>Foster Care Title IV-E FY '14 (CWS) ARRA</i>	93.658	23941778	19,289
Total Passed-through Texas Department of Family & Protective Services			<u>111,900</u>
<u>Passed-through Texas Juvenile Probation Commission:</u>			
<i>Foster Care Title IV-E</i>	93.658	TJPC E-2013-079	32,735
Total Passed-through Texas Juvenile Probation Commission			<u>32,735</u>
<u>Passed-through Texas Department of State Health Services:</u>			
<i>Public Health Emergency Preparedness (PHEP) (Hazards)</i>	93.069	2015-001130-01	232,431
<i>Public Health Emergency Preparedness (PHEP) (Hazards)</i>	93.069	2016-001130-00	77,009
<i>Public Health Emergency Preparedness - CRI - Cities Readiness Initiative</i>	93.069	2015-001133-01	105,666
<i>Public Health Emergency Preparedness - CRI - Cities Readiness Initiative</i>	93.069	2016-001133-00	21,812
<i>Public Health Emergency Preparedness - Bioterrorism Discretionary</i>	93.069	2015-047166-001	32,040
<i>Public Health Emergency Preparedness - Ebola</i>	93.074	2015-003625-00	10,623
<i>Immunization Cooperative Agreement - Locals</i>	93.268	2015-001054-00	207,612
<i>Immunization Cooperative Agreement - Locals</i>	93.268	2016-001054-00	17,032
<i>Tuberculosis Prevention & Control - Federal</i>	93.116	2015-001385-01	101,139
Total Passed-through Texas Department of State Health Services			<u>805,364</u>
<u>Passed-through Texas Health and Human Services Commission:</u>			
<i>Medical Assistance Program - Ambulance Services</i>	93.778	NPI 1457322885/TPI 086395301	2,093,240
<i>Medical Assistance Program 1115 Waiver</i>	93.778		5,035,958
Total Passed-through Texas Health and Human Services Commission			<u>7,129,198</u>
Total U.S. Department of Health & Human Services			<u>8,079,197</u>
U.S. Department of Homeland Security			
<u>Passed-through United Way of Greater Houston:</u>			
<i>Emergency Food & Shelter - National Board Program</i>	97.024	782800-006	215,305
Total Passed-through United Way of Greater Houston			<u>215,305</u>
<u>Passed-through Texas Department of Public Safety - Division of Emergency Management:</u>			
<i>Emergency Management Performance Grant</i>	97.042	15TX-EMPG-0511	109,043
<i>Urban Area Security Initiative (UASI) 2013</i>	97.067	EMW-2013-SS-00045	551,342
<i>Urban Area Security Initiative (UASI-LETPA) 2013</i>	97.067	EMW-2013-SS-00045	54,105
<i>Urban Area Security Initiative (UASI-M&A) 2013</i>	97.067	EMW-2013-SS-00045	12,152
<i>Urban Area Security Initiative (UASI) 2014</i>	97.067	EMW-2014-SS-00029	1,561,369
<i>Urban Area Security Initiative (UASI-LETPA) 2014</i>	97.067	EMW-2014-SS-00029	145,417
Total Passed-through Texas Department of Public Safety - Division of Emergency Management			<u>2,433,428</u>
Total U.S. Department of Homeland Security			<u>2,648,733</u>
Total Expenditure of Federal Awards			<u>\$ 20,691,931</u>

FORT BEND COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of Fort Bend County, Texas (the “County”) under programs of the federal government for the year ended September 30, 2015. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

Note 2 - Summary of Significant Accounting Policies

The County accounts for all federal awards under programs of the federal government in the General and Special Revenue Funds. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally 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 these 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 liability is incurred, if measurable, except for 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 for governmental funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When such funds are advanced to the County, they are recorded as unearned revenues until earned. Otherwise, federal grant funds are received on a reimbursement basis from the respective federal program agencies. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note 3 - Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amounts Provided to Subrecipients</u>
14.218	Community Development Block Grants/Entitlement Grants	\$ 386,952
14.231	Emergency Solutions Grant Program	139,698