

BOWIE COUNTY, TEXAS

SINGLE AUDIT REPORT

**YEAR ENDED
SEPTEMBER 30, 2010**

BOWIE COUNTY, TEXAS

SINGLE AUDIT REPORT

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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**

To the Honorable County Judge
and Members of the Commissioners' Court
Bowie County, Texas
New Boston, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bowie County, Texas, as of and for the year ended September 30, 2010, which collectively comprise the Bowie County, Texas' basic financial statements and have issued our report thereon dated June 29, 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 Bowie County, Texas' 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 Bowie County, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bowie County, Texas' 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 Bowie 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 Bowie County, Texas, in a separate letter dated June 29, 2011.

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

Pattillo, Brown & Hill, L.L.P.

June 29, 2011



**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**

To the Honorable County Judge
and Members of the Commissioners' Court
Bowie County, Texas
New Boston, Texas

Compliance

We have audited the compliance of Bowie County, Texas' (the "County"), with the types of compliance requirements described in the 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, 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 Nonprofit 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 of the County's compliance with those requirements.

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, 2010.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the 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 to determine the 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 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.

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 Awards

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 September 30, 2010, and have issued our report thereon dated June 29, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Bowie County, Texas' 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as whole.

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

Pattillo, Brown & Hill, C.C.P.

June 29, 2011

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

Project Number	Grantor/Program Title	Federal CFDA Number	Expenditures
FEDERAL AWARDS			
<u>U. S. Department of Justice</u>			
Direct:			
2010-AP-BX-0226	State Criminal Alien Assistance Program	16.606	\$ 7,928
	Total Direct		<u>7,928</u>
Passed through Governor's Office:			
2307001	Violence Against Women Recovery Act	16.588	36,844
2007-GE-T7-0024	Edward Byrne Memorial Justice Assistance Grant	16.738	151,805
08-SR-48037-03	Edward Byrne Memorial Justice Assistance Grant	16.738	16,946
08-SR-48037-03	Edward Byrne Memorial Justice Assistance Grant - ARRA	16.803	<u>132,941</u>
	Total Passed through Governor's Office		<u>338,536</u>
	Total U. S. Department of Justice		<u>346,464</u>
<u>U. S. Department of Health and Human Services</u>			
Passed through Office of Attorney General:			
N/A	Social Security Title IV, Part D	93.563	<u>33,120</u>
	Total Passed through Office of Attorney General		<u>33,120</u>
Passed through Department of Family and Protective Services:			
23379890	Title IV-E Legal	93.658	13,522
23379875	Title IV-E Child Welfare	93.658	<u>20,276</u>
	Total Passed through Department of Family and Protective Services		<u>33,798</u>
	Total U. S. Department of Health and Human Services		<u>66,918</u>
<u>U. S. Department of Homeland Security</u>			
Passed through TEEEX:			
08-SR-48037-03	Homeland Security	97.053	492
08-SR-48037-03	Homeland Security	97.073	148,153
2007-GE-T7-0024	Homeland Security	97.074	<u>27,948</u>
	Total Passed through TEEEX		<u>176,593</u>
	Total U. S. Department of Homeland Security		<u>176,593</u>
	Total Federal Awards		<u>\$ 589,975</u>

BOWIE COUNTY, TEXAS

NOTE ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2010

BASIS OF ACCOUNTING

The County accounts for all awards under federal programs in the General Fund and Special Revenue Funds.

The General Fund and Special Revenue Fund programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenue 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 programs. This basis of accounting recognizes revenue in the accounting period in which it becomes 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 the General Fund and Special Revenue Fund programs 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 revenue until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

BOWIE COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2010

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? None

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster:
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.803	Edward Byrne Memorial Justice Assistance Grant Program - ARRA

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee? No

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

None

Findings and Questioned Costs Related to Federal Awards

None

BOWIE COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

None