

SINGLE AUDIT REPORTS

CHAMBERS COUNTY, TEXAS

For the Year Ended
December 31, 2011

CHAMBERS COUNTY, TEXAS

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December 31, 2011

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	3
INDEPENDENT AUDITORS' 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, AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	5
SCHEDULES	
<i>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</i>	7
<i>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</i>	8
<i>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</i>	9
<i>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</i>	12



**INDEPENDENT AUDITORS' 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 Commissioners' Court of
Chambers County, Texas:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chambers County, Texas (the "County") as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 27, 2012. 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 the County 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 previously.

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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 management, Commissioners' Court, others within the entity, 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
September 27, 2012



**INDEPENDENT AUDITORS' 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,
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Honorable County Judge and
Members of Commissioners' Court of
Chambers County, Texas:

Compliance

We have audited Chambers County, Texas's (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 December 31, 2011. The County's major federal programs are identified in the summary of auditors' 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 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

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

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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, the business-type activities, each major fund, and the aggregate remaining fund information of Chambers County, Texas, (the "County") as of and for the year ended December 31, 2011, and have issued our report thereon dated September 27, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purposes of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB 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 statements 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 awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, Commissioners' Court, others within the entity, 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
September 27, 2012

CHAMBERS COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2011

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year findings.

CHAMBERS COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Chambers County, Texas.
2. No instances of noncompliance material to the financial statements were disclosed during the audit.
3. Significant deficiencies in internal control over major federal award programs were not disclosed by the audit.
4. The auditors' report on compliance for the major federal award programs expresses an unqualified opinion.
5. No audit findings relative to the major federal award programs for the County are reported in Part C of this schedule.
6. The programs included as major programs are:

Community Development Block Grant	<u>CFDA Number</u> 14.228
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7. The threshold for distinguishing Type A and B programs was \$300,000.
9. The County did not qualify as a low-risk auditee.

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS - FEDERAL AUDIT AWARDS

None.

CHAMBERS COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (page 1 of 3)

For the Year Ended December 31, 2011

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE			
<i>Passed through Texas Department of State Health Services:</i>			
Special Supplemental Food Program for Women, Infants, and Children	7460000361-2011	10.557	\$ 119,857
Special Supplemental Food Program for Women, Infants, and Children	7460000361-2012	10.557	<u>53,884</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>173,741</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through Brazos Valley Community Action Agency (BVCAA):</i>			
Community Services Block Grant	N/A	93.569	<u>30,000</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>30,000</u>
DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Texas Department of Public Safety's Division of Emergency Management:</i>			
Disaster Grants - Public Assistance	FEMA 1791 DR TX	97.036	<u>600,794</u>
Emergency Management Performance Grant	11TX-EMPG-0377	97.042	32,238
Emergency Management Performance Grant	12TX-EMPG-0377	97.042	<u>10,746</u>
Subtotal for CFDA Number			<u>42,984</u>
State Homeland Security Program	2010SHSP-OSHSP8071	97.073	<u>92,123</u>
Citizens-Community Resilience Innovation Challenge	2010CPP-OCCP8071	97.053	<u>4,927</u>
<i>Passed through Texas Department of Transportation:</i>			
Emergency Food and Shelter	793800-001	97.024	<u>17,167</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>757,995</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through Texas General Land Office</i>			
Community Development Block Grant - Housing	70090010	14.228	3,023,663
Community Development Block Grant - NonHousing	DRS010024	14.228	<u>1,822,707</u>
Subtotal for CFDA Number			<u>4,846,370</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>4,846,370</u>

CHAMBERS COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (page 2 of 3)

For the Year Ended December 31, 2011

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
DEPARTMENT OF INTERIOR			
<i>Passed through Texas General Land Office:</i>			
Coastal Impact Assistance Program	F12AF00677	15.668	279
TOTAL DEPARTMENT OF INTERIOR			279
DEPARTMENT OF TRANSPORTATION/FEDERAL AVIATION ADMINISTRATION			
<i>Passed through Texas Department of Transportation:</i>			
Airport Program Improvement	M120ANAHC	20.106	1,690
Airport Program Improvement	M220ANAHC	20.106	863
Airport Program Improvement	M120WNNIE	20.106	1,754
Subtotal for CFDA Number			4,307
TOTAL DEPARTMENT OF TRANSPORTATION			4,307
DEPARTMENT OF JUSTICE			
<i>Passed through Governor's Division of Criminal Justice:</i>			
Crime Victim Assistance	VA-09-V30-1908804	16.575	14,482
Crime Victim Assistance	VA-10-V30-1908805	16.575	6,594
Subtotal for CFDA Number			21,076
ARRA - Violence Against Women Formula Grant	EF-09-V30-2410801	16.588	15,220
ARRA - Violence Against Women Formula Grant	EF-09-V30-2410802	16.588	8,186
ARRA - Violence Against Women Formula Grant	EF-09-V30-2432601	16.588	34,974
Subtotal for CFDA Number			58,380
<i>Passed through Office of Justice Programs:</i>			
Bulletproof Vest Partnership Program	2007BUBX07039010	16.607	1,675
State Criminal Alien Assistance Program	2011-AP-BX-0612	16.606	12,136
TOTAL DEPARTMENT OF JUSTICE			93,267
DEPARTMENT OF ENERGY			
<i>Passed Through Texas Comptroller of Public Accounts:</i>			
ARRA - Energy Efficiency and Conservation Block Grant Program	DE-EE0000893	81.128	67,349
TOTAL DEPARTMENT OF ENERGY			67,349

CHAMBERS COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (page 3 of 3)

For the Year Ended December 31, 2011

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. ELECTION ASSISTANCE COMMISSION			
<i>Passed through Texas Secretary of State Elections Division:</i>			
Help America Vote Act	77821	90.401	<u>27,615</u>
TOTAL U.S. ELECTIONS ASSISTANCE COMMISSION			<u>27,615</u>
U. S. GENERAL SERVICES ADMINISTRATION			
<i>Passed through Texas General Services Commission:</i>			
County Education Fund	77821	39.011	204
Donation of Federal Surplus Personal Property	N/A	39.003	<u>2,605</u>
TOTAL U.S. GENERAL SERVICES ADMINISTRATION			<u>2,809</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 6,003,732</u></u>

CHAMBERS COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

NOTE 1: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Chambers County, Texas, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.