SINGLE AUDIT REPORTS

CHAMBERS COUNTY, TEXAS

For the Year Ended
December 31, 2015

CHAMBERS COUNTY, TEXAS

SINGLE AUDIT REPORTS

December 31, 2015

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NDEPENDENT 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*

June 23, 2016

To the Honorable County Judge and
Members of the Commissioners' Court of
Chambers 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 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, 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 June 23, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County'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.

Partners
Robert Belt, CPA
Stephanie E. Harris, CPA
Nathan Krupke, CPA

Houston
3210 Bingle Rd., Ste. 300
Houston, TX 77055
713.263.1123

Bellville
P.O. Box 826
Bellville, TX 77418
713.263.1123

Austin
100 Congress Ave., Ste. 2000
Austin, TX 78701
512.381.0222

All Offices
www.texasauditors.com
info@txauditors.com
713.263.1550 fax

Governmental Audit Quality Center
AICPA

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 23, 2016

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

Report on Compliance for Each Major Federal Program

We have audited Chambers County, Texas' (the "County") compliance with the types of compliance requirements described in the *OMB 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, 2015. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Partners
Robert Belt, CPA
Stephanie E. Harris, CPA
Nathan Krupke, CPA

Houston
3210 Bingle Rd., Ste. 300
Houston, TX 77055
713.263.1123

Bellville
P.O. Box 826
Bellville, TX 77418
713.263.1123

Austin
100 Congress Ave., Ste. 2000
Austin, TX 78701
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Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of 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, 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 requirements 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 for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 over compliance 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 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 June 23, 2016 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming 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 the Uniform Guidance 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 additional 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 as a whole.

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

Belt Harris Pechacek, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

For the Year Ended December 31, 2015

A. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

None

CHAMBERS COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2015

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Chambers County, Texas.

2. No instances of significant deficiencies in internal control were disclosed by the audit of the financial statements.

3. No instances of noncompliance material to the financial statements were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs were disclosed by the audit.

5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.

6. No audit findings relative to the major federal award programs for the County are reported.

7. The programs included as a major program are:

CFDA	Program Name
14.228	Community Development Block Grant

8. The threshold for distinguishing Type A and B programs was $750,000.

9. The County did not qualify as a low-risk auditee.

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None

C. FINDINGS - FEDERAL AWARDS

None

CHAMBERS COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (page 1 of 2)

For the Year Ended December 31, 2015

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE			
Passed through Texas Department of State Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children - Oct through Sept	7460000361-2015	10.557	$ 91,261
Special Supplemental Nutrition Program for Women, Infants, and Children - Oct through Sept	7460000361-2016	10.557	47,093
TOTAL DEPARTMENT OF AGRICULTURE			138,354
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Brazos Valley Community Action Agency (BVCAA):			
Community Services Block Grant	N/A	93.569	40,000
Passed through Texas Department of State Health Services:			
Cities Readiness Initiative (CRI)	2014-001505-01	93.069	5,703
Public Health Emergency Preparedness (PHEP)	N/A	93.069	54,312
Subtotal for CFDA Number			60,015
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			100,015
DEPARTMENT OF HOMELAND SECURITY			
Passed through Texas Department of Public Safety's Division of Emergency Management:			
Emergency Management Performance Grant	15TX-EMPG-0377	97.042	36,036
State Homeland Security Program	2013SHSP-OSHSP8071	97.067	41,800
TOTAL DEPARTMENT OF HOMELAND SECURITY			77,836
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Texas General Land Office:			
Community Development Block Grant-Disaster-Non-Housing	DRS010024	14.228	2,822,182
Community Development Block Grant-Disaster Rec 2.2	DRS010024	14.228	391,620
Subtotal for CFDA Number			3,213,803
Passed through Texas Department of Agriculture:			
Community Development Block Grant	712051	14.228	8,464
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			3,222,267
DEPARTMENT OF INTERIOR			
Passed through Texas General Land Office:			
Coastal Impact Assistance Program - Administration	F12AF00677	15.668	2,550
Coastal Impact Assistance Program - Waterborne Education	F12AF00677	15.668	37,833
TOTAL DEPARTMENT OF INTERIOR			40,383

CHAMBERS COUNTY, TEXAS

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

For the Year Ended December 31, 2015

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
DEPARTMENT OF TRANSPORTATION/FEDERAL AVIATION ADMINISTRATION			
Passed through Texas Department of Transportation:			
Airport Improvement Program	M1420ANAH	20.106	$ 7,158
Airport Improvement Program	M1420WNNI	20.106	8,201
TOTAL DEPARTMENT OF TRANSPORTATION/FEDERAL AVIATION ADMINISTRATION			15,359
DEPARTMENT OF JUSTICE			
Passed through Governor's Division of Criminal Justice:			
Crime Victim Assistance	VA-10-V30-1908808	16.575	9,293
ARRA - Violence Against Women Formula Grant	WF-12-V30-2410804	16.588	29,469
ARRA - Violence Against Women Formula Grant	WF-12-V30-2410805	16.588	13,993
Subtotal for CFDA Number			43,462
Passed through Office of Justice Programs:			
Bulletproof Vest Partnership Program	2014BUBX09047527	16.607	1,113
State Criminal Alien Assistance Program	2015-AP-BX-0612	16.606	1,726
TOTAL DEPARTMENT OF JUSTICE			55,594
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Passed through Texas State Library and Archives Commission			
LSTA - Library Grant	LS-00-13-0044-13	45.310	1,710
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES			1,710
TOTAL FEDERAL EXPENDITURES			$ 3,651,517

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 Compliance Supplement*, and; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.