

JEFFERSON COUNTY, TEXAS
FEDERAL SINGLE AUDIT REPORT
For the Year Ended September 30, 2019

JEFFERSON 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

The Honorable County Judge and
Commissioners Court
Jefferson 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 Jefferson County, Texas (the **County**), as of and for the year ended September 30, 2019, 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 13, 2020.

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 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.

The Honorable County Judge and
Commissioners Court

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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is fluid and cursive, with "Whitley" and "Penn" connected by a flourish, and "LLP" written in a smaller, separate section.

Houston, Texas
March 13, 2020

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

The Honorable County Judge and
Commissioners Court
Jefferson County, Texas

Report on Compliance for Each Major Federal Program

We have audited Jefferson 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 September 30, 2019. 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 federal statutes, regulations and the terms and conditions of its federal awards 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 the 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.

The Honorable County Judge and
Commissioners Court

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 September 30, 2019.

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 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.

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.

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 September 30, 2019, 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 13, 2020, 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 the *Uniform Guidance* and is not a required part of the basic financial statements.

The Honorable County Judge and
Commissioners Court

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 13, 2020

JEFFERSON COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

A. SUMMARY OF AUDIT RESULTS

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies 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 deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None

Identification of major programs:

Name of Federal Program or Cluster	CFDA Numbers
Rehabilitate Taxiway Delta (Phase IV)	20.106
Paul Coverdell Forensic Sciences Improvement Grant	16.742
1. Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
2. Federal Single Audit - Auditee qualified as low-risk auditee?	Yes

JEFFERSON COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)

For the Year Ended September 30, 2019

II. Financial Statement Findings

There were no current year findings.

III. Federal Award Findings and Questioned Costs.

There were no current year findings or questioned costs.

JEFFERSON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2019

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>FEDERAL AWARDS:</u>			
U.S. DEPARTMENT OF AGRICULTURE			
<u>Child Nutrition Cluster:</u>			
Passed through the Texas Department of Agriculture:			
Summer Food Service Program	10.559	806780706	\$ 10,930
Total Passed through the Texas Department of Agriculture			10,930
Total Child Nutrition Cluster			10,930
TOTAL U.S. DEPARTMENT OF AGRICULTURE			10,930
U.S. DEPARTMENT OF HOUSTING AND URBAN DEVELOPMENT			
Passed through the Texas General Land Office:			
Community Development Block Grant/States program - IKE Round 1	14.228	DRS-010219	208,003
Total Passed through the Texas General Land Office			208,003
Passed through the Texas Department of Agriculture:			
Check Step Sewer Improvement, Phase #5	14.228	TDCP-7216231	35,296
Check Step Sewer Improvement, Phase #6	14.228	TDCP-7218240	5,750
Total Passed through the Texas Department of Agriculture			41,046
TOTAL U.S. DEPARTMENT OF HOUSTING AND URBAN DEVELOPMENT			249,049
U.S. DEPARTMENT OF JUSTICE			
Passed through the City of Beaumont:			
Edward Byrne Memorial Formula Grant Program	16.738	2017DJBX0332	3,512
Edward Byrne Memorial Formula Grant Program	16.738	2018DJBX0416	16,487
Total Passed through the City of Beaumont			19,999
Passed through the Office of the Governor, Criminal Justice Division:			
Crime Victim Assistance - Crime Victim's Clearinghouse	16.575	21032-08	87,114
Violence Against Women Formula Grants			
Violence Against Women Formula Grants	16.588	13466-21	71,822
Violence Against Women Formula Grants	16.588	13466-22	8,786
Total Violence Against Women Formula Grants			80,608
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	34195-02	212,542
Equitable Sharing Program	16.922	N/A	267,807
Total Passed through the Office of the Governor, Criminal Justice Division			648,071
Direct Program:			
State Criminal Alien Assistance Program (SCAAP)	16.606	2019-AP-BX-1245	47,324
Total Direct Program			47,324
TOTAL U.S. DEPARTMENT OF JUSTICE			715,394
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Federal Aviation Administration:			
Rehabilitate Taxiway Delta (Phase IV)	20.106	3-48-0018-033-2017	1,996,092
Total Passed through Federal Aviation Administration			1,996,092
Highway Safety Cluster:			
Passed through Texas Department of Transportation:			
Selective Traffic Enforcement Program - Impaired Driver Mobilization	20.600	2019-JeffersonCoSO-S-1YG-00082	33,008
Total Passed through Texas Department of Transportation			33,008
Total Highway Safety Cluster			33,008
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			2,029,100
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Texas Department of Family & Protective Services:			
Foster Care - Title IV-E Child Welfare Services	93.658	23939002	11,958
Foster Care - Title IV-E Child Welfare Services	93.658	24723894	16,767
Foster Care - Title IV-E Legal Services	93.658	23939003	14,975
Foster Care - Title IV-E Legal Services	93.658	24723895	42,205
Total Passed through Texas Department of Family & Protective Services			85,905
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			85,905

JEFFERSON COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the year ended September 30, 2019

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Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>FEDERAL AWARDS (continued):</u>			
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through the Texas Division of Emergency Management:			
<i>FEMA Emergency Hurricane Harvey¹</i>	97.036	FEMA-4332-DR-Hurricane Harvey	<u>3,850,829</u>
Total Passed through the Texas Division of Emergency Management			<u>3,850,829</u>
Direct Programs:			
<i>2017 Port Security Grant</i>	97.056	EMW2017PU00103	81,050
<i>2018 Port Security Grant</i>	97.056	EMW2018PU00313	<u>21,675</u>
Total Direct Programs			<u>102,725</u>
Passed through the Office of the Governor, Criminal Justice Divison			
<i>Aviation Navigation & Communication</i>	97.067	36169-01	55,549
<i>Jefferson County SWAT Hazmat</i>	97.067	33133-01	<u>30,076</u>
Total Passed through the Office of the Governor, Criminal Justice Divison			<u>85,625</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			
GENERAL SERVICES ADMINISTRATION			
Direct Programs:			
<i>Donation of Federal Surplus Personal Property</i>	39.003	N/A	<u>6,493</u>
TOTAL GENERAL SERVICES ADMINISTRATIION			<u>6,493</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			
			<u>\$ 7,136,050</u>

¹ Amount of expenditures incurred in prior fiscal years is \$3,367,905.

JEFFERSON COUNTY, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the **Schedule**) includes the federal grant activity of the County under programs of the federal government for the year ended September 30, 2019. The information in the Schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) *Uniform Guidance*. Because the Schedule presents only a selected portion of the operations of the County, they are not intended to and do not present the financial position and changes in net position of the County.

2. Summary of Significant Accounting Policies

The County accounts for all federal awards under programs of the federal government in special revenue funds and capital project 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.

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance)*. 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. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the *Uniform Guidance*.

JEFFERSON COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2019

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings."The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None Noted

JEFFERSON COUNTY, TEXAS

CORRECTIVE ACTION PLAN

For the Year Ended September 30, 2019

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, 'At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

Not Applicable