

FORT BEND COUNTY, TEXAS
STATE SINGLE AUDIT REPORT
For the Year Ended September 30, 2017

FORT BEND COUNTY, TEXAS

TABLE OF CONTENTS

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1
Report of Independent Auditors on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of State Awards Required by the <i>Texas Single Audit Circular (Uniform Grant Management Standards)</i>	3
Schedule of Findings and Questioned Costs	6
Schedule of Expenditures of State Awards	8
Notes to Schedule of Expenditures of State Awards	10
Summary Schedule of Prior Audit Findings	11
Corrective Action Plan	12

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, 2017, 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, 2018.

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, 2018

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF STATE AWARDS REQUIRED BY THE TEXAS SINGLE AUDIT CIRCULAR (UNIFORM GRANT MANAGEMENT STANDARDS)

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

Report on Compliance for Each Major State Program

We have audited Fort Bend County, Texas' (the "County") compliance with the types of compliance requirements described in the *State of Texas Single Audit Circular (Uniform Grant Management Standards)* that could have a direct and material effect on each of the County's major state programs for the year ended September 30, 2017. The County's major state 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state 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 *Texas Single Audit Circular (Uniform Grant Management Standards)*. Those standards, and the *Texas Single Audit Circular (Uniform Grant Management Standards)* 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 state 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 state 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 State 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 state programs for the year ended September 30, 2017.

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 state 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 *Texas Single Audit Circular (Uniform Grant Management Standards)*, 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 state 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 state 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 state 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 the *Texas Single Audit Circular (Uniform Grant Management Standards)*. 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 State 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, 2017, 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, 2018, 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 State Awards is presented for purposes of additional analysis as required by the *Texas Single Audit Circular (Uniform Grant Management Standards)* 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 State Awards is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

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

Houston, Texas
March 31, 2018

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended September 30, 2017

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

State 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 <i>Texas Single Audit Circular (Uniform Grant Management Standards)</i> section 510(a)?	No

Identification of major programs:

Name of State Program:	State Contract Number
Texas Juvenile Justice Department:	
State Aid Agreement – Grant A	TJPC-A-2018-079, TJPC-A-2017-079
Special Needs Program – Grant M	TJPC-M-2018-079, TJPC-M-2017-079
Juvenile Justice Alternative Education Program (JJAEP)	TJPC-P-2018-079, TJPC-P-2017-079, TJPC-P-2016-079,
Prevention and Intervention Demonstration Project – Grant S	TJPC-S-2018-079, TJPC-S-2017-079
JJAEP – IOWA Assessments – Grant W	TJPC-W-2017-079
Texas Indigent Defense Commission:	
Formula Grant	212-17-079
Supplemental Capital Defense Formula Grant	212-17-79-SC
Fort Bend County Public Defender Program	212-67-D05
Fort Bend County Veterans Court Program	212-16-D06

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For The Year Ended September 30, 2017

I. Summary of Auditors' Results (continued)

Texas Department of State Health Services:	
Infectious Disease Control Unit/Surveillance and Epidemiology Ebola Activities	2016-003830-00
Infectious Disease Control Unit/Surveillance Epidemiology	2017-003776-00
Infectious Disease Control Unit/Surveillance Epidemiology	537-18-0327-00001
Dollar Threshold Considered Between Type A and Type B State Programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

None noted

III. State Award Findings and Questioned Costs

None noted

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the year ended September 30, 2017

State Grantor/Pass-Through Grantor/Program Title	Grantor or Pass-Through Entity Identifying Number	State Expenditures
Texas Department of Transportation		
Direct Program:		
<i>Section 5311 State/Local Rural Public Transportation</i>	RUR 1702 (11)	\$ 145,229
Total Texas Department of Transportation		<u>145,229</u>
Texas Department of Criminal Justice - Community Justice Assistance Division		
Direct Programs:		
Diversions Programs		
<i>Mental Health Initiative Caseload</i>	015	152,610
<i>Mental Health Initiative Caseload</i>	015	10,294
<i>Felony Drug Court</i>	016	110,183
<i>Felony Drug Court</i>	016	7,154
<i>Substance Abuse Treatment Caseload</i>	018	148,665
<i>Substance Abuse Treatment Caseload</i>	018	8,100
<i>Special Sanctions Court</i>	019	348,606
<i>Special Sanctions Court</i>	019	19,880
<i>Aftercare Caseload</i>	023	128,678
<i>Aftercare Caseload</i>	023	8,328
Total Diversions Programs		<u>942,498</u>
Treatment Alternative to Incarceration		
<i>Treatment Alternative to Incarceration</i>	010	656,875
<i>Treatment Alternative to Incarceration</i>	010	47,518
Total Treatment Alternative to Incarceration		<u>704,393</u>
Total Texas Department of Criminal Justice - Community Justice Assistance Division		<u>1,646,891</u>
Texas Juvenile Justice Department		
Direct Programs:		
<i>State Aid</i>	TJPC-A-2018-079	139,384
<i>State Aid</i>	TJPC-A-2017-079	2,132,801
<i>Special Needs Program M</i>	TJPC-M-2018-079	5,297
<i>Special Needs Program M</i>	TJPC-M-2017-079	50,725
<i>Prevention and Intervention Demonstration Project</i>	TJPC-S-2018-079	4,662
<i>Prevention and Intervention Demonstration Project</i>	TJPC-S-2017-079	59,933
<i>JJAEP: IOWA Assessments</i>	TJPC-W-2017-079	10,288
Total Texas Juvenile Justice Department		<u>2,403,090</u>
Office of the Governor - Criminal Justice Division		
Direct Programs:		
<i>Felony Drug Court (CARD), Misdemeanor DWI Court (JAG) (CSCD)</i>	SF-1919110	150,000
Total Office of the Governor - Criminal Justice Division		<u>150,000</u>
Texas Education Agency		
Direct Programs:		
<i>Juvenile Justice Alternative Education Program (JJAEP)</i>	TJPC P-2018-079	5,798
<i>Juvenile Justice Alternative Education Program (JJAEP)</i>	TJPC P-2017-079	210,264
<i>Juvenile Justice Alternative Education Program (JJAEP)</i>	TJPC P-2016-079	7,319
Total Texas Education Agency		<u>223,381</u>
Texas Veterans Commission		
Direct Programs:		
<i>Texas Veterans Commission General Assistance-16B</i>	FVA_16B_0328	107,848
<i>Texas Veterans Commission General Assistance-2017</i>	FVA_17_0416	23,250
Total Texas Veterans Commission		<u>\$ 131,098</u>

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS (CONTINUED)
For the year ended September 30, 2017

State Grantor/Pass-Through Grantor/Program Title	Grantor or Pass-Through Entity Identifying Number	State Expenditures
Texas Department of State Health Services		
Direct Programs:		
<i>Tuberculosis Prevention and Control - State</i>	2017-001413-00	\$ 118,718
<i>Tuberculosis Prevention and Control - State</i>	537-18-0034-00001	7,484
<i>Preventive Health Block Grant - RLSS-Local Public Health System</i>	2016-000034-00	25,057
<i>Preventive Health Block Grant - RLSS-Local Public Health System</i>	537-18-0217-00001	2,528
<i>Infectious Disease Control Unit/Surveillance and Epidemiology Ebola Activities</i>	2016-003830-00	69,886
<i>Infectious Disease Control Unit/Surveillance Epidemiology</i>	2017-003776-00	72,339
<i>Infectious Disease Control Unit/Surveillance Epidemiology</i>	537-18-0327-00001	10,835
Total Direct Programs		<u>306,847</u>
Passed-Through Texas State University:		
<i>Texas State School Safety Center Tobacco - Const 3</i>	790000	2,015
<i>Texas State School Safety Center Tobacco - Const 2</i>	790000	3,046
<i>Texas State School Safety Center Tobacco - Const 2</i>	790000	107
<i>Texas State School Safety Center Tobacco - Sheriff</i>	790000	7,984
<i>Texas State School Safety Center Tobacco - Sheriff</i>	790000	24,000
<i>Texas State School Safety Center Tobacco - Sheriff</i>	790000	5,637
Total Passed-Through Texas State University		<u>42,789</u>
Total Texas Department of State Health Services		<u>349,636</u>
Texas Commission on Environmental Quality		
Direct Programs:		
<i>Low Income Vehicle Repair Assistance, Retrofit, and Accelerated</i>	582-14-40128	142,835
<i>Aircheck Texas Repair & Replacement Assistance Program</i>	582-12-20281	1,456,648
Total Texas Commission on Environmental Quality		<u>1,599,483</u>
Office of the Attorney General		
Direct Programs:		
<i>Victim Coordinator Liaison Grant</i>	1772367	42,000
<i>Victim Coordinator Liaison Grant</i>	1879444	3,676
<i>Texas VINE Program (SAVNS)</i>	1659689	31,665
Total Office of the Attorney General		<u>77,341</u>
Texas Indigent Defense Commission		
Direct Program:		
<i>Formula Grant</i>	212-17-079	782,014
<i>Supplemental Capital Defense Formula Grant</i>	212-17-79-SC	25,897
<i>Fort Bend County Public Defender Program</i>	212-67-D05	497,591
<i>Fort Bend County Veterans Court Program</i>	212-16-D06	5,700
Total Texas Indigent Defense Commission		<u>1,311,202</u>
Texas Department of Family and Protective Services		
Direct Program:		
<i>Concrete Services</i>	23355842	2,622
Total Passed-through Texas Department of Family & Protective Services		<u>2,622</u>
Texas Secretary of State		
Direct Programs:		
<i>Chapter 19 Election Funds - 2016</i>	079	46,232
Total Texas Secretary of State		<u>46,232</u>
Total Expenditure of State Awards		<u><u>\$ 8,086,205</u></u>

FORT BEND COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS
For The Year Ended September 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of state awards (the "Schedule") includes the state grant activity of Fort Bend County, Texas (the "County") under programs of the state government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of the *Texas Single Audit Circular (Uniform Grant Management Standards)*. 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 state awards under programs of the state 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.

State 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, state grant funds are received on a reimbursement basis from the respective state program agencies. Generally, unused balances are returned to the grantor at the close of specified project periods.

FORT BEND COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended September 30, 2017

The *State of Texas Single Audit Circular (Uniform Grant Management Standards)* states that the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee shall prepare a summary schedule of prior audit findings. The summary schedule of prior audit findings shall 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 reported

FORT BEND COUNTY, TEXAS
CORRECTIVE ACTION PLAN
For The Year Ended September 30, 2017

The *State of Texas Single Audit Circular (Uniform Grant Management Standards)* states that at the completion of the audit, the auditee shall prepare, in a document separate from the auditor's findings, a corrective action plan to address each audit finding included in the current year auditor's reports.

I. Corrective Action Plan

Not applicable