

# **MONTGOMERY COUNTY, TEXAS**

**FEDERAL SINGLE AUDIT REPORT**

**FOR THE YEAR ENDED**

**SEPTEMBER 30, 2015**

**MONTGOMERY COUNTY, TEXAS**  
**FEDERAL SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**  
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# HLSK

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## **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***

The Honorable County Judge and  
Commissioners' Court  
Montgomery County, Texas  
501 North Thompson, Suite 205  
Conroe, Texas 77301

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 Montgomery County, Texas (County), as of and for the year ended September 30, 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 March 17, 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.

### **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.

Respectfully,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**March 17, 2016**

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable County Judge and  
Commissioners' Court  
Montgomery County, Texas  
501 North Thompson, Suite 205  
Conroe, Texas 77301

### Report on Compliance for Each Major Federal Program

We have audited Montgomery County, Texas (County) compliance 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 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 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.

### Opinion on Each Major Federal Program

In our opinion, Montgomery County, Texas 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, 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 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. 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 OMB Circular A-133**

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 17, 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 OMB Circular A-133 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**March 17, 2016**

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

The Honorable County Judge and  
Commissioners' Court  
Montgomery County, Texas  
501 North Thompson, Suite 205  
Conroe, Texas 77301

### Report on Compliance for Each Major State Program

We have audited Montgomery County, Texas' (County) compliance with the types of compliance requirements described in the Texas Uniform Grant Management Standards that could have a direct and material effect on each of Montgomery County, Texas' major state programs for the year ended September 30, 2015. Montgomery County, Texas' major state 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 the requirements of laws, regulations, contracts, and grants applicable to its state programs.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Montgomery County, Texas' 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; Texas Uniform Grant Management Standards. Those 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 Montgomery County, Texas' 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 Montgomery County, Texas' compliance.

### Opinion on Each Major State Program

In our opinion, Montgomery County, Texas, 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 state programs for the year ended September 30, 2015.

## **Report on Internal Control Over Compliance**

Management of Montgomery County, Texas 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 Montgomery County, Texas' internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with Texas 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 Montgomery County, Texas' 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 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 State Awards Required by Texas Uniform Grant Management Standards**

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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated March 17, 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 state awards is presented for purposes of additional analysis as required by Texas 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 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 state 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 Texas Uniform Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Respectfully,

*Hereford, Lynch, Sellars & Kirkham, P.C.*

**HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.**  
**Certified Public Accountants**

**Conroe, Texas**  
**March 17, 2016**



**MONTGOMERY COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA # Number</b>	<b>Project Number</b>	<b>Grant Funds Expended</b>	<b>Pass-Through Amount to Subrecipients</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<b>Direct Program:</b>				
<i>National School Lunch Program</i>	10.555	CEID: 01340	\$ 20,329	\$ -
<i>National School Breakfast Program</i>	10.553	CEID: 01340	\$ 30,501	\$ -
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>50,830</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
<b>Direct Program:</b>				
<i>Community Development Block Grant</i>	14.218	B-06-UC-48-0006	15,229	-
<i>Community Development Block Grant</i>	14.218	B-10-UC-48-0006	108,417	-
<i>Community Development Block Grant</i>	14.218	B-11-UC-48-0006	10,857	-
<i>Community Development Block Grant</i>	14.218	B-12-UC-48-0006	321,134	-
<i>Community Development Block Grant</i>	14.218	B-13-UC-48-0006	767,961	-
<i>Community Development Block Grant</i>	14.218	B-14-UC-48-0006	875,105	277,414
<b>Total Program 14.218</b>			<b>2,098,703</b>	<b>277,414</b>
<i>Emergency Shelter Grants Program (ESGP)</i>	14.231	E-13-UC-48-0006	27	-
<i>Emergency Shelter Grants Program (ESGP)</i>	14.231	E-14UC-48-0006	7,209	164,850
<b>Total Program 14.231</b>			<b>7,236</b>	<b>164,850</b>
<i>Home Program</i>	14.239	M-12-UC-48-0235	22,462	-
<i>Home Program</i>	14.239	M-13-UC-48-0235	156,422	-
<i>Home Program</i>	14.239	M-14-UC-48-0235	46,350	-
<b>Total Program 14.239</b>			<b>225,234</b>	<b>-</b>
<b>Total Direct Program</b>			<b>2,331,173</b>	<b>442,264</b>
<b>Passed Through the General Land Office:</b>				
<i>CDBG Disaster Recovery Entitlement Program</i>	14.228	10-5115-000-5096	3,023	-
<i>CDBG Disaster Recovery - Housing Round 2, Phase 1</i>	14.228	12-221-000-5521	200,874	-
<i>CDBG TDRA Disaster Recovery - Housing Round 2, Phase 2</i>	14.228	12-477-000-6642	676,396	-
<b>Total Program 14.228</b>			<b>880,293</b>	<b>-</b>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>3,211,466</b>	<b>442,264</b>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
<b>Direct Program:</b>				
<i>State Criminal Alien Assistance Program</i>	16.606	2015-AP-BX-0239	113,661	-
<i>Byrne Memorial Justice Assistance Grant</i>	16.751	2014-DJ-BX-0531	56,030	-
<i>Federal Equitable Sharing</i>	16.922	TX1700000	34,891	-
<b>Total Direct Program</b>			<b>204,582</b>	<b>-</b>
<b>Passed Through the State Criminal Justice Division:</b>				
<i>Electronic Monitoring</i>	16.523	2768801	9,670	-
<i>Domestic Violence Prosecutor</i>	16.588	2485604	73,137	-
<i>Domestic Violence Prosecutor</i>	16.588	2485605	7,172	-
<b>Total Program 16.588</b>			<b>80,309</b>	<b>-</b>
<b>Total Passed Through the State Criminal Justice Division</b>			<b>89,979</b>	<b>-</b>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>294,561</b>	<b>-</b>

The accompanying notes are an integral part of this schedule.

**MONTGOMERY COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA # Number</b>	<b>Project Number</b>	<b>Grant Funds Expended</b>	<b>Pass-Through Amount to Subrecipients</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
<b>Passed Through the State Department of Transportation:</b>				
<i>Wildlife Assessment Study</i>	20.106	1212LONES	11,058	-
<i>South Side Development Plan</i>	20.106	1212CNROE	17,454	-
<i>Runway Extension 2</i>	20.106	1212CONRO	8,194,817	-
<b>Total Program 20.106</b>			<b>8,223,329</b>	<b>-</b>
<i>249 Ext &amp; FM 2978 Widening - Wetlands Mitigation</i>	20.205	3050-02-024	-	2,527,500
<i>ARRA McCaleb Road - FM 2854 to SH 105 - Route &amp; Design Study</i>	20.205	0912-37-157	6,862	-
<i>ARRA FM 2978-Spring Creek to FM 1488</i>	20.205	3050-02-016	118,359	-
<b>Total Program 20.205</b>			<b>125,221</b>	<b>2,527,500</b>
<b>Highway Safety Cluster:</b>				
<b>Passed Through the State Department of Transportation:</b>				
<i>STEP-Speed FY 15</i>	20.600	2015-MontogSO-S-1YG-0032	42,827	-
<i>STEP-Impaired Driving Mobilization</i>	20.601	2015-MontgoSO-IDM-00049	12,964	-
<b>Passed Through the Houston-Galveston Area Council:</b>				
<i>STEP-Impaired Driving Mobilization</i>	20.601	TDOT15.0601-06	7,000	-
<i>STEP-Impaired Driving Mobilization</i>	20.601	TDOT15.0601-10	4,276	-
<b>Passed Through the State Department of Transportation:</b>				
<i>Alcohol Traffic Safety &amp; Drunk Driving Prevention Incentive</i>	20.616	2015-MCDAO-G-7YG-0124	126,430	-
<b>Total Highway Safety Cluster</b>			<b>193,497</b>	<b>-</b>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>8,542,047</b>	<b>2,527,500</b>
<b><u>U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u></b>				
<b>Passed Through the State Library and Archives Commission:</b>				
<i>Interlibrary Loan Lending Reimbursement Program</i>	45.310	715-15140	10,188	-
<b>TOTAL U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>			<b>10,188</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<b>Passed Through the State Juvenile Justice Department:</b>				
<i>Foster Care Title IV-E</i>	93.658	E-2015-170	68,184	-
<b>Total Passed Through the State Juvenile Justice Department</b>			<b>68,184</b>	<b>-</b>
<b>Passed Through the State Department of Family and Protective Services:</b>				
<i>Foster Care Title IV-E (ADM)</i>	93.658	23940072	11,195	-
<i>Foster Care Title IV-E</i>	93.658	23940074	77,048	-
<b>Total Passed Through the State Department of Family and Protective Services</b>			<b>88,243</b>	<b>-</b>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>156,427</b>	<b>-</b>
<b><u>EXECUTIVE OFFICE OF THE PRESIDENT</u></b>				
<b>Direct Program:</b>				
<i>High Intensity Drug Trafficking Areas</i>	95.001	G14HN0017A	21,733	-
<i>High Intensity Drug Trafficking Areas</i>	95.001	G14HN0017B	20,802	-
<i>High Intensity Drug Trafficking Areas</i>	95.001	G15HN0017A	15,497	-
<b>TOTAL OFFICE OF NATIONAL DRUG CONTROL</b>			<b>58,032</b>	<b>-</b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
<b>Passed Through the State Division of Emergency Management:</b>				
<i>State Homeland Security Program</i>	97.067	EMW-2013-SS-00045	531,966	-
<i>State Homeland Security Program</i>	97.067	EMW-2014-SS-00029	1,397,783	-
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b>1,929,749</b>	<b>-</b>
<b>TOTAL FEDERAL FUNDING</b>			<b>14,253,300</b>	<b>2,969,764</b>

The accompanying notes are an integral part of this schedule.

**MONTGOMERY COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>Federal Grantor/ Pass-Through Grantor/</b>	<b>Federal CFDA #</b>	<b>Project</b>	<b>Grant Funds</b>	<b>Pass-Through Amount to</b>
<b><u>STATE FUNDING:</u></b>				
<b>Texas Criminal Justice Division:</b>				
<i>Drug Court Discretionary Grant - Byrne Formula</i>	N/A	1604014	84,096	-
<i>Drug Court Discretionary Grant - Byrne Formula</i>	N/A	1604015	36,146	-
<i>DWI Drug Court</i>	N/A	2196106	113,937	-
<i>DWI Drug Court</i>	N/A	2196107	12,546	-
<i>State Drug Court Training</i>	N/A	2850801	146,590	-
<b>Total Texas Criminal Justice Division</b>			<b>393,315</b>	<b>-</b>
<b>Texas Department of Motor Vehicles:</b>				
<i>Motor Vehicle Salvage/Theft Reduction Inspn-21</i>	N/A	2015-T01-Montgome-00026	365,318	58,089
<i>Motor Vehicle Salvage/Theft Reduction Inspn-22</i>	N/A	608-16-1700000	25,896	2,462
<b>Total Texas Department of Motor Vehicles</b>			<b>391,214</b>	<b>60,551</b>
<b>Texas Department of Transportation:</b>				
<i>Routine Airport Maintenance Program</i>	N/A	M1512CONRO	45,701	-
<b>Texas Commission on Environmental Quality:</b>				
<i>LIRAP-Local Initiative Project</i>	N/A	582-14-40131	19,896	-
<b>Passed Through Houston Galveston Area Council:</b>				
<i>Low Income Repair Assistance Program</i>	N/A	5821220282	177,477	-
<b>Total Texas Commission on Environmental Quality</b>			<b>197,373</b>	<b>-</b>
<b>Texas Juvenile Justice Department:</b>				
<i>State Financial Assistance Contract</i>	N/A	A-2015-170	1,388,746	-
<i>State Financial Assistance Contract</i>	N/A	A-2016-170	95,764	-
<i>State Financial Assistance Contract</i>	N/A	N-2015-170	196,594	-
<i>State Financial Assistance Contract</i>	N/A	P-2015-170	484,497	-
<i>State Financial Assistance Contract</i>	N/A	P-2016-170	44,973	-
<i>State Financial Assistance Contract</i>	N/A	C-2015-170	273,900	-
<b>Total Texas Juvenile Justice Department</b>			<b>2,484,474</b>	<b>-</b>
<b>Texas State Office of the Attorney General:</b>				
<i>SAVNS Maintenance Grant, FY 15</i>	N/A	1555267	25,406	-
<i>SAVNS Maintenance Grant, FY 16</i>	N/A	1660240	2,310	-
<b>Total Texas State Office of the Attorney General:</b>			<b>27,716</b>	<b>-</b>
<b>Texas Indigent Defense Commission:</b>				
<i>Indigent Defense Services - Formula Grant</i>	N/A	221-15-170	488,045	-
<i>Indigent Defense Techshare Grant</i>	N/A	212-14-D09	150,000	-
<i>Montgomery County Managed Assigned Counsel Program</i>				
<i>Discretionary Grant</i>	N/A	TFID-212-15-D04	57,141	-
<b>Total Texas Indigent Defense Commission</b>			<b>695,186</b>	<b>-</b>

The accompanying notes are an integral part of this schedule.

**MONTGOMERY COUNTY, TEXAS****EXHIBIT K-1****SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA # Number</b>	<b>Project Number</b>	<b>Grant Funds Expended</b>	<b>Pass-Through Amount to Subrecipients</b>
<b>Texas Department of Family and Protective Services:</b>				
<i>Foster Care Title IV-E - Concrete Services</i>	N/A	24184806	86	-
<b>The NRA Foundation:</b>				
<i>FY 2015 AMMO</i>	N/A	15TXS84	2,643	-
<b>Montgomery County Emergency Communication District:</b>				
<i>PSAP Improvement Plan</i>	N/A	N/A	41,902	-
<i>100 Club Body Armor Equipment</i>	N/A	N/A	23,756	-
<i>EMCID - Body Cameras</i>	N/A	N/A	19,225	-
<b>Total Montgomery County Emergency Communication District</b>			<u>84,883</u>	<u>-</u>
<b>General Appropriations Act - "Rider 97":</b>				
<b>Texas Department of State Health Services:</b>				
<i>Forensic Hospital Services</i>	N/A	2014-044836-001B	13,992,841	-
<i>Forensic Hospital Services</i>	N/A	2016-048567	1,083,461	-
<b>Total Texas Department of State Health Services</b>			<u>15,076,302</u>	<u>-</u>
<b>Houston-Galveston Area Council:</b>				
<i>Regional Juvenile Mental Health Services, FY 15</i>	N/A	26067-03	13,950	-
<b>TOTAL STATE FUNDING</b>			<u>19,412,843</u>	<u>60,551</u>
<b>GRAND TOTAL ALL FUNDING</b>			<u><u>\$ 33,666,143</u></u>	<u><u>\$ 3,030,315</u></u>

## **MONTGOMERY COUNTY, TEXAS**

### ***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2015***

#### **Note 1 – Basis of Accounting**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Montgomery County, Texas. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal and state grant funds were accounted for in special revenue funds, capital project funds, (components of the governmental fund type), or the general fund. 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. revenues and other financing resources) 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.

Federal and state grant funds 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 revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

**MONTGOMERY COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>SECTION I – SUMMARY OF AUDITORS’ RESULTS</b>	
<b>FINANCIAL STATEMENTS</b>	
1. Type of auditors’ report issued	Unmodified
2. Internal Control over Financial Reporting:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to Financial Statements noted?	No
<b>FEDERAL AND STATE AWARDS</b>	
4. Internal control over major programs:	
a. Material Weakness(es) identified?	No
b. Significant Deficiency(ies) identified that are not considered to be material weaknesses?	None reported
5. Type of auditors’ report issued on compliance with major programs	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 and Texas Uniform Grant Management Standards?	No
7. Identification of Major Federal Programs	14.218 Community Development Block Grant 20.205 Highway Planning and Construction 93.658 Foster Card Title IV-E 97.067 State Homeland Security Program
8. Identification of Major State Programs	Motor Vehicle Salvage/Theft Reduction Indigent Defense Grant Forensic Hospital Services Texas Juvenile Probation Commission
9. Dollar Threshold used to Distinguish Between Type A and Type B Federal Programs	\$427,599
10. Dollar Threshold used to Distinguish Between Type A and Type B State Programs	\$582,385
11. Auditee Qualified as a Low-Risk Auditee?	Yes
<b>SECTION II –FINANCIAL STATEMENT FINDINGS</b>	
None reported	
<b>SECTION III –FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS</b>	
None reported	

**MONTGOMERY COUNTY, TEXAS**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED SEPTEMBER 30, 2015*

<b>PRIOR YEAR FINDINGS</b>
None reported