

SMITH COUNTY, TEXAS
STATE SINGLE AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015

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

| <u>STATE GRANTOR/ PROGRAM TITLE</u> | <u>GRANT CONTRACT NUMBER</u> | <u>STATE EXPENDITURES</u> |
|--|--------------------------------------|-----------------------------------|
| <u>STATE OF TEXAS-OFFICE OF THE ATTORNEY GENERAL</u> | | |
| Texas VINE Automated Victim Notification Services | 1555481 | \$ <u>27,715</u> |
| <u>STATE OF TEXAS- OFFICE OF THE GOVERNOR CRIMINAL JUSTICE DIVISION</u> | | |
| Drug Court Grant | 1976208 | 83,766 |
| Veterans Court Grant | 2819901 | <u>24,000</u> |
| Total State of Texas- Office of the Governor Criminal Justice Division | | 107,766 |
| <u>TEXAS STATEWIDE TOBACCO EDUCATION AND PREVENTION</u> | | |
| Tobacco Funds | ---- | <u>25,150</u> |
| <u>AUTOMOBILE THEFT PREVENTION AUTHORITY</u> | | |
| East Texas Auto Theft Task Force | 2015-T01-Smith Co-00005 | <u>373,179</u> |
| <u>TASK FORCE ON INDIGENT FORMULA GRANT</u> | | |
| Indigent Defense Formula Grant | 212-15-212 | <u>182,789</u> |
| <u>SECRETARY OF STATE</u> | | |
| Chapter 19 Voter Registration | FY2013 | 6,049 |
| Chapter 19 Voter Registration | FY2014 | <u>1,151</u> |
| Total Chapter 18 Voter Registration | | 7,200 |
| <u>EAST TEXAS COUNCIL OF GOVERNMENTS</u> | | |
| Solid Waste | 15-06-G18 | <u>3,000</u> |
| <u>TEXAS DEPARTMENT OF TRANSPORTATION</u> | | |
| County Transportation Infrastructure Fund Grant | 10-CTIF-01-212 | <u>512,715</u> * |
| TOTAL EXPENDITURES OF STATE AWARDS | | \$ <u><u>1,239,514</u></u> |

* Denotes Major Program

SMITH COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE

The accompanying schedule of expenditures of state awards include the state grant activity of Smith County, Texas and are presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Grants Management Standards Chapter IV “Texas State Single Audit Circular.” Therefore some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 Commissioners' Court of Smith County
Tyler, Texas

Commissioners' Court:

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 statement of the governmental activities, each major fund and the aggregate remaining fund information, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Smith County, Texas' basic financial statements, and have issued our report thereon dated March 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Smith County, Texas' 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 Smith County, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of Smith County, Texas' 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 Smith County, Texas' 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.



Certified Public Accountants

Tyler, Texas
March 16, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS
CHAPTER IV *TEXAS STATE SINGLE AUDIT CIRCULAR***

The Honorable Commissioners' Court of Smith County
Tyler, Texas

Commissioners' Court:

Report on Compliance for Each Major State Program

We have audited Smith County, Texas' compliance with the types of compliance requirements described in the State of Texas Uniform Grant Management Standards Chapter IV Texas State Audit Circular that could have a direct and material effect on each of Smith County, Texas' major state programs for the year ended September 30, 2015. Smith 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 the Smith 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 and State of Texas Uniform Grant Management Standards Chapter IV *Texas State Single Audit Circular*. 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 Smith 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 Smith County, Texas' compliance.

Opinion of Each Major State Program

In our opinion, Smith 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 Smith County, Texas 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 Smith County, Texas' internal control over compliance with the types of 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 State of Texas Uniform Grant Management Standards Chapter IV *Texas State Single Audit Circular*, 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 Smith County, Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of 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 Award Required by State of Texas Uniform Grant Management Standards Chapter IV Texas State Single Audit Circular

We have audited the financial statements of Smith County, Texas as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Smith County, Texas' basic financial statements. We issued our report thereon dated March 16, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for 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 purpose of additional analysis as required by State of Texas Uniform Grant Management Standards Chapter IV Texas State Single Audit Circular 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 State of Texas Uniform Grant Management Standards Chapter IV Texas State Single Audit Circular. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

Tyler, Texas
March 16, 2016

**SMITH COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2015**

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial Statements noted? yes X no

State Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 510 of the Texas State Single Audit Circular? yes X no

Identification of major state programs:

| <i>Contract Number</i> | <i>Name of State Program</i> |
|------------------------|---|
| 10-CTIF-01-212 | County Transportation Infrastructure Fund Grant |

Dollar threshold used to distinguish Between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee: X yes no

Section II – Financial Statement Findings

None noted.

Section III – State Award Findings and Questioned Costs

None noted.

**SMITH COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2015**

There were no findings reported in the prior audit as of September 30, 2014.