

Compliance Report

Montgomery County, Texas
For the Year Ended September 30, 2010

**MONTGOMERY COUNTY, TEXAS
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MONTGOMERY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Project Number	Federal Grantor	Federal CFDA #	Grant Funds Expended	Pass-Through Amount to Subrecipients
U S DEPARTMENT OF HOMELAND SECURITY				
Passed Through State Division of Emergency Management:				
2009-SS-T9-0064	State Homeland Security Program-2009	97.008	\$ 1,740,058	\$ -
2008-GE-T8-0034	State Homeland Security Program-2008	97.073	1,481,727	-
2007-GE-T7-0024	State Homeland Security Program-2007	97.008	863,275	-
2007-GE-T7-0024	State Homeland Security Program-2007	97.073	248,947	-
07-SR-BZ-48339-03	Buffer Zone Protection Program	97.078	2,041	-
DR1791/EM3294	Public Assistance Grant Program	97.036	17,169	-
Passed Through State Department of Public Safety:				
2007-GS-147-0044	Public Safety Interoperable Communications(PSIC)	97.073	263,489	-
Total U S Department of Homeland Security			\$ 4,616,706	\$ -
U S DEPARTMENT OF AGRICULTURE				
Passed Through TX Department of Health Services:				
TX 170-2002/75J6006	National School Lunch/Breakfast Program	10.553	\$ 62,263	\$ -
Total U S Department of Agriculture			\$ 62,263	\$ -
GENERAL SERVICES ADMINISTRATION				
Passed Through TX Secretary of State:				
77465/78900/78645	Help America Vote Act	39.011	\$ 966	\$ -
Total General Service Administration			\$ 966	\$ -
U S DEPARTMENT OF HEALTH/HUMAN SERVICES				
1H79T1017817-01	JPO-Family Community Connection	93.243	\$ 27,962	\$ -
Passed Through Texas Juvenile Probation Commission:				
TJPC-E-2011-170	Foster Care Title IV-E	93.658	1,661	-
TJPC-E-2010-170	Foster Care Title IV-E	93.658	45,693	-
Passed Through Texas Dept of Family and Protective Services:				
23379425	Foster Care Title IV-E (ADM)	93.658	14,681	-
23617441	Foster Care Title IV-E (Concrete Services)	93.658	1,690	-
23379429	Foster Care Title IV-E	93.658	50,965	-
Passed Through Department of Health Services:				
2010-034947	Regional Local Services System/Social Services Block Grant	93.667	57,626	-
2010-032803	Local Public Health System	93.991	76,999	-
2011-035480	Local Public Health System	93.991	6,941	-
Total U S Department of Health/Human Services			\$ 284,218	\$ -
U S DEPARTMENT OF JUSTICE				
Direct:				
2009-AP-BX-0513	State Criminal Alien Assistance Program	16.606	\$ 146,000	\$ -
2009-DJ-BX-0410	Byrne Memorial Justice Assistance Grant	16.560	101,818	-
2007-DJ-BX-0176	Byrne Memorial Justice Assistance Grant	16.738	15,830	-
2009-DN-BX-K003	Solving Cold Cases With DNA	16.560	145,587	-
Passed Through State Criminal Justice Division:				
DC-06-A10-1604010	Drug Court Discretionary Grant-Byrne Formula	16.585	18,520	-
DC-06-A10-1604009	Drug Court Discretionary Grant-Byrne Formula	16.585	62,790	-
DJ-09-A-10-23358-01	Law Enforcement Enhancement & Equipment Upgrade	16.738	5,506	-
2196102	DWI Drug Court	16.585	20,338	-
2196101	DWI Drug Court	16.585	122,674	-
Total U S Department of Justice			\$ 639,063	\$ -

See accompanying notes to schedule of expenditures of federal and state awards.

MONTGOMERY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Project Number	Federal Grantor	Federal CFDA #	Grant Funds Expended	Pass-Through Amount to Subrecipients
U S DEPARTMENT OF TRANSPORTATION				
Passed Through TX Department of Transportation:				
2010-MontgoSO-CIOT-00037	State & Community Highway Safety	20.600	\$ 6,824	\$ -
2010-MontgoSO-SYG-0009	State & Community Highway Safety	20.600	109,977	-
2010-MontgoSO-IDM-00001	Intoxicated Persons	20.601	15,112	-
09EACONRO	Airport Improvement Program	20.106	22,887	-
1012CONRO	Runway I4-32 Extension	20.106	201,774	-
Total U S Department of Transportation			\$ 356,574	\$ -
U S DEPT OF HOUSING & URBAN DEVELOPMENT				
B09-UY-48-0006	CDBG-R Recovery-ARRA	14.218	\$ 405,214	\$ -
S09-UY-48-0006	HPRP-Homelessness Prevention/Rapid Re-housing-ARRA	14.218	316,216	-
B-05-UC-48-0006	Community Development Block Grant	14.218	217,194	-
B-06-UC-48-0006	Community Development Block Grant	14.218	144,870	-
B-07-UC-48-0006	Community Development Block Grant	14.218	28,114	-
B-08-UC-48-0006	Community Development Block Grant	14.218	240,525	-
B-09-UC-48-0006	Community Development Block Grant	14.218	733,660	253,195
M-05-UC-48-0235	Home Program	14.239	129,112	-
M-06-UC-48-0235	Home Program	14.239	221,793	-
M-07-UC-48-0235	Home Program	14.239	31,109	-
M-08-UC-48-0235	Home Program	14.239	253,315	-
M-09-UC-48-0235	Home Program	14.239	317,537	-
Passed Through TX Department of Rural Affairs:				
DRS010119	CDBG Disaster Recovery Entitlement	14.228	942	-
Passed Through TX Department of Housing and Community Affairs:				
70090005	Hurricane Ike-Disaster Recovery	14.218	285,480	-
Total U S Dept of Housing & Urban Development			\$ 3,325,081	\$ 253,195
NATIONAL ENDOWMENT FOR HUMANITIES				
PG-50747	Preservation Assistance	45.149	\$ 5,734	\$ -
Total National Endowment for Humanities			\$ 5,734	\$ -
U S DEPARTMENT OF ENERGY				
CS0010	Traffic Signal Synchronization or Replacement-ARRA	81.041	\$ 99,703	\$ -
DE-EE0000911	Energy Efficiency and Block Grant-ARRA	81.128	193,824	-
Total U S Department of Energy			\$ 293,527	\$ -
OFFICE OF NATIONAL DRUG CONTROL				
G09HN0017A	High Intensity Drug Trafficking Areas	95.001	\$ 8,960	\$ -
Total Office of National Drug Control			\$ 8,960	\$ -
Total Federal Funding			\$ 9,593,092	\$ 253,195

See accompanying notes to schedule of expenditures of federal and state awards.

**MONTGOMERY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Project Number	Federal Grantor	Federal CFDA #	Grant Funds Expended	Pass-Through Amount to Subrecipients
STATE FUNDING:				
Texas Department of Transportation:				
SA-T01-10059-10	Motor Vehicle Salvage/Theft Reduction Inspn-16	N/A	\$ 403,825	\$ -
SA-T01-10059-11	Motor Vehicle Salvage/Theft Reduction Inspn-17	N/A	30,528	-
M012CONRO	Routine Airport Maintenance Program	N/A	49,439	-
Texas Commission on Environmental Quality:				
Passed Through Houston Galveston Area Council:				
11-16-G08	Solid Waste Implementation	N/A	1,025	-
582889963	Aircheck Texas	N/A	26,578	-
582255082014	Low Income Repair Assistance Program	N/A	1,389,616	-
Texas Juvenile Probation Commission:				
TJPC-X-2010-170	State Financial Assistance Contract	N/A	65,140	-
TJPC-X-2011-170	State Financial Assistance Contract	N/A	5,703	-
TJPC-A-2010-170	State Financial Assistance Contract	N/A	451,070	-
TJPC-A-2011-170	State Financial Assistance Contract	N/A	21,836	-
TJPC-P-2010-170	State Financial Assistance Contract	N/A	258,688	-
TJPC-P-2011-170	State Financial Assistance Contract	N/A	22,476	-
TJPC-Y-2010-170	State Financial Assistance Contract	N/A	445,978	-
TJPC-Y-2011-170	State Financial Assistance Contract	N/A	37,924	-
TJPC-F-2010-170	State Financial Assistance Contract	N/A	91,017	-
TJPC-F-2011-170	State Financial Assistance Contract	N/A	18,048	-
TJPC-O-2010-170	State Financial Assistance Contract	N/A	24,294	-
TJPC-O-2011-170	State Financial Assistance Contract	N/A	4,937	-
TJPC-Z-2010-170	State Financial Assistance Contract	N/A	109,725	-
TJPC-W-2010-170	State Financial Assistance Contract	N/A	45,787	-
TJPC-W-2011-170	State Financial Assistance Contract	N/A	4,986	-
TJPC-H-2010-170	State Financial Assistance Contract	N/A	199,430	-
TJPC-H-2011-170	State Financial Assistance Contract	N/A	24,258	-
TJPC-C-2010-170	State Financial Assistance Contract	N/A	193,979	-
TJPC-C-2011-170	State Financial Assistance Contract	N/A	11,768	-
Texas State Office of the Attorney General:				
1012640	Crime Victim Notification Grant-FY 10	N/A	30,108	-
Texas State Libraries Archives Commission:				
442-10147	Loan Star Libraries Grant	N/A	112,341	-
Texas Task Force on Indigent Defense:				
TFID 212-09-170	Indigent Defense Services - Formula Grant	N/A	793,121	-

See accompanying notes to schedule of expenditures of federal and state awards.

**MONTGOMERY COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

1947503	Power Recovery Court-Juvenile Drug Court	N/A	116,087	-
1947504	Power Recovery Court-Juvenile Drug Court	N/A	11,439	-
	Passed Through Houston Galveston Area Council:			
2144001	Digital Patrol Video System	N/A	62,566	-
2198901	Digital Patrol Video System	N/A	479,991	-
2155101	Prosecution Enhancement Program	N/A	9,537	-
1892503	Specialized Investigator for Sexual Assaults YR 3	N/A	34,088	-
2158801	Specialized Investigator for Sexual Assaults YR 4	N/A	50,947	-
	East Montgomery County Improvement District			
no project number	In Car Video Recorders	N/A	52,716	-
	Texas Parks and Wildlife:			
48-01069	Spring Creek Greenway Phase I	N/A	289,473	500,000
	Total State Funding		<u>\$ 5,980,469</u>	<u>\$ 500,000</u>
	GRAND TOTAL ALL FUNDING		<u><u>\$ 15,573,561</u></u>	<u><u>\$ 753,195</u></u>

See accompanying notes to schedule of expenditures of federal and state awards.

MONTGOMERY COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Note 1. Basis of Presentation

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 the governmental fund types. 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 fund liability is incurred, if measurable.

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.

Note 2. Availability of Federal and State Grant Funds

The period of availability for federal and state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal or state project period extended 90 days beyond the federal or state project period ending date, in accordance with provisions in Section H. Period of Availability of Federal Funds, Part 3 OMB Circular A-133 Compliance Supplement-March 2011 and Texas Uniform Grant Management Standards.



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**REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable County Judge and
Commissioners' Court
Montgomery County, Texas

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Texas as of and for the year ended September 30, 2010, and we have issued our report thereon dated March 17, 2011, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Texas Uniform Grant Management Standards, and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of Commissioners' Court, management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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Conroe, Texas
March 17, 2011



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**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***

To the Honorable County Judge and
Commissioners' Court
Montgomery County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montgomery County, Texas as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 17, 2011. We conducted our audit in accordance with 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 control deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. (2010-1 and 2010-2)

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Commissioners' Court, management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

HEREFORD, LYNCH, SELLARS & KIRKHAM, P.C.

Certified Public Accountants

Conroe, Texas

March 17, 2011



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**REPORT ON COMPLIANCE WITH REQUIRMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
AND TEXAS UNIFORM GRANT STANDARDS**

To the Honorable County Judge and
Commissioners' Court
Montgomery County, Texas

Compliance

We have audited the compliance of Montgomery County, Texas with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and Texas Uniform Grant Management Standards that could have direct and material effect on each of Montgomery County's major federal and state programs for the year ended September 30, 2010. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and *Texas Uniform Grant Management Standards*. 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 or 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

As described in item 2010-2 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding reporting that are applicable to its state Spring Creek Greenway Phase 1 grant. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the County did not comply, in all material respects, with the requirements referred to above that could have a direct and material effect on its state Spring Creek Greenway Phase 1 grant. 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 other major federal and state programs for the year ended September 30, 2010.

Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Texas Uniform Grant 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 or 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 federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-2 to be a material weakness.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of Commissioners' Court, management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hereford, Lynch, Sellars & Kirkham, P.C.
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Certified Public Accountants

Conroe, Texas
May 20, 2011

MONTGOMERY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –FEDERAL PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on the financial statements:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.239	Home Program
97.008	Homeland Security Grant
97.073	Homeland Security Grant

Dollar threshold used to distinguish between type A and type B federal programs	\$300,000
Auditee qualified as low-risk auditee?	No

MONTGOMERY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –FEDERAL PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

Current Year:

None noted.

Prior Year:

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year:

2010-1

Information on the federal program

CFDA No.: 97.073

CFDA Program Title: Public Safety Interoperable Communications Grant

Federal Award Year: October 7, 2007 to July 31, 2010

Name of Pass-Through Entity: Texas Department of Public Safety

Condition

The County was awarded the grant in 2007, but expenditures were not made until September 2009. The expenditures were not reported on the schedule of expenditures of federal and state awards for the year ended 9/30/09.

Criteria or Specific Requirements

All expenditures of grant awards are to be reported in the schedule of expenditures of federal and state awards in the period in which expenditures are made.

Context

The total project cost is \$10 million dollars and is being paid through a lease agreement annually. On September 14, 2009, \$1,235,511 was paid to Motorola, Inc. This expenditure was not reflected on the schedule of expenditures of federal and state awards for the year ended 9/30/09.

Effect

The schedule of expenditures of federal and state awards for the year ended 9/30/09 was incomplete.

Cause

The County lacks specific policies that allow for communication between the parties applying for and receiving grant awards and the parties responsible for reporting grant awards and grant expenditures.

Recommendations

The County should hire additional grant personnel to facilitate the gathering of data and notifications of grants from judges, commissioner’s court meetings, departments and others dealing with grants within the county.

Views of responsible officials and planned corrective action

See corrective action plan section.

MONTGOMERY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –FEDERAL PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Prior Year:

None noted.

CORRECTIVE ACTION PLAN

Current Year:

2010-1

- During the County Auditor budget hearings, scheduled for June 6, 2011, an additional grants accountant will be requested to assist in the coordination and accounting for the increasing number of grants being received by Montgomery County. This individual will help provide more thorough communication between county departments and the auditor's office. The existing grant accountants will attend commissioner's court on a more regular basis in order to identify grant funds as they are requested. Additionally, a grant summary sheet is being developed in cooperation with the Montgomery County attorney's office to provide more consistent information on all funds accepted on behalf of Montgomery County. Individual departments will be provided with instructions to complete the form, which will be required to accompany all grant applications. A copy of the form will be provided to the county auditor's office as well as commissioner's court. This will aid in the identification and reporting of grant funds on a proactive basis.

MONTGOMERY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on the financial statements: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Reportable condition(s) identified that are not considered to be material weakness(es)? No

Noncompliance material to the financial statements noted? No

State Awards

Internal control over major programs:

Material weakness(es) identified? Yes

Reportable condition(s) identified that are not considered to be material weakness(es)? No

Type of auditor’s report issued on compliance for major programs: Adverse/Unqualified

Any audit findings disclosed that are required to be reported in accordance with Texas Uniform Grant Management Standards? No

Identification of major state programs:

<u>CFDA Number(s)</u>	<u>Name of State Program or Cluster</u>
N/A	Motor Vehicle/Theft Reduction
N/A	Digital Patrol Video System
N/A	Prosecution Enhancement
N/A	Spring Creek Greenway – Phase I

Dollar threshold used to distinguish between type A and type B state programs \$300,000

Auditee qualified as low-risk auditee? Yes

MONTGOMERY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

Current Year:

None noted.

Prior Year:

None noted.

SECTION III – STATE AWARD FINDINGS AND QUESTIONED COSTS

Current Year:

2010-2

Information on the state program

Program Title: Spring Creek Greenway

State Award Year: June 22, 2007 to July 15, 2010

Name of Pass-Through Entity: Texas Parks and Wildlife Department

Condition

The County was awarded the grant in 2007, but expenditures were not made until August 2009. The expenditures were not reported on the schedule of expenditures of federal and state awards for the year ended 9/30/09.

Criteria or Specific Requirements

All expenditures of grant awards are to be reported in the schedule of expenditures of federal and state awards in the period in which expenditures are made.

Context

Montgomery County entered into an interlocal cooperation agreement with Harris County for the purpose of fulfilling and implementing the Spring Creek Greenway Project in the administration of the Land and Water Conservation Fund Program through the Texas Parks and Wildlife Department. For the year ended 9/30/09, \$197,392 of actual expenditures and \$498,190 of donations were not reported on the schedule of expenditures of federal and state awards.

Effect

The schedule of expenditures of federal and state awards for the year ended 9/30/09 was incomplete.

Cause

The County lacks specific policies that allow for communication between the parties applying for and receiving grant awards and the parties responsible for reporting grant awards and grant expenditures.

Recommendations

The County should hire additional grant personnel to facilitate the gathering of data and notifications of grants from judges, commissioner's court meetings, departments and others dealing with grants within the county.

Views of responsible officials and planned corrective action

See corrective action plan section.

MONTGOMERY COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE PROGRAMS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

CORRECTIVE ACTION PLAN

Current Year:

2010-2

During the County Auditor budget hearings, scheduled for June 6, 2011, an additional grants accountant will be requested to assist in the coordination and accounting for the increasing number of grants being received by Montgomery County. This individual will help provide more thorough communication between county departments and the auditor's office. The existing grant accountants will attend commissioner's court on a more regular basis in order to identify grant funds as they are requested. Additionally, a grant summary sheet is being developed in cooperation with the Montgomery County attorney's office to provide more consistent information on all funds accepted on behalf of Montgomery County. Individual departments will be provided with instructions to complete the form, which will be required to accompany all grant applications. A copy of the form will be provided to the county auditor's office as well as commissioner's court. This will aid in the identification and reporting of grant funds on a proactive basis.

Prior Year:

None noted.