

**ROCKWALL COUNTY, TEXAS**

**SINGLE AUDIT REPORT**

**SEPTEMBER 30, 2013**

**ROCKWALL COUNTY, TEXAS**

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PATILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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**

To the Honorable County Judge and  
Commissioners Court of  
Rockwall 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, each major fund, and the aggregate remaining fund information of Rockwall County, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Rockwall County, Texas' basic financial statements, and have issued our report thereon dated April 17, 2014.

**Internal Control Over Financial Reporting**

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rockwall 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 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 purpose.

*Pattillo, Brown + Hill, L.L.P.*

Waco, Texas  
April 17, 2014



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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***

To the Honorable County Judge and  
Commissioners Court of  
Rockwall County, Texas

**Report on Compliance for Each Major Federal Program**

We have audited Rockwall County, Texas' 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 Rockwall County, Texas' major federal programs for the year ended September 30, 2013. Rockwall County, Texas' 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Rockwall County, Texas' 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 Rockwall 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 federal program. However, our audit does not provide a legal determination of Rockwall County, Texas' compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Rockwall 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, 2013.

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

Management of Rockwall 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 Rockwall County, Texas' 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 Rockwall 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 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, each major fund, and the aggregate remaining fund information of Rockwall County, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Rockwall County, Texas's basic financial statements. We issued our report thereon dated April 17, 2014, 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.

*Pattillo, Brown + Hill, L.L.P.*

Waco, Texas  
April 17, 2014

**ROCKWALL COUNTY, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<b>FEDERAL AWARDS</b>			
<u>U. S. Department of Transportation</u>			
Passed through the Texas Department of Transportation:			
Highway Planning and Construction	20.205	009-12-072	\$ 4,418,000
Total Passed through the Texas Department of Transportation			<u>4,418,000</u>
Total U.S. Department of Transportation			<u>4,418,000</u>
 <u>U. S. Department of Justice</u>			
Direct Programs:			
State Criminal Alien Assistance Program	16.606	2012-AP-BX-0568	\$ 31,098
Bulletproof Vest Partnership Program	16.607	2012-SB-B9-0559	790
Bulletproof Vest Partnership Program	16.607	2013-SB-B9-0559	<u>1,579</u>
Total Direct Programs			<u>33,467</u>
Total U.S. Department of Justice			<u>33,467</u>
 <u>U. S. Department of Health and Human Services:</u>			
Passed through the Texas Secretary of State:			
Voting Access for Individuals with Disabilities - Grants to States	93.617	78674	\$ 2,498
Total Passed through the Texas Secretary of State			<u>2,498</u>
Passed through the Texas Department of State Health Services:			
Centers for Disease Control and Prevention -Investigations and Technical Assistance	93.283	2013-041425	\$ 40,249
Total Passed through the Texas Department of State Health Services			<u>40,249</u>
Total U.S. Department of Health and Human Services			<u>42,747</u>

**ROCKWALL COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<u>U.S. Department of Homeland Security:</u>			
Passed through Texas Department of Public Safety:			
State Homeland Security Program	97.073	EMW-2012-SS-00018-S01	\$ <u>6,308</u>
Total Passed through the Texas Department of Public Safety			<u>6,308</u>
Total U.S. Department of Homeland Security			<u>6,308</u>
<u>Institute of Museum and Library Services:</u>			
Passed through the Texas State Library and Archives Commission:			
Grants to States	45.310	475-13032	\$ <u>7,203</u>
Total Passed through the Texas State Library and Archives Commission			<u>7,203</u>
Total Institute of Museum and Library Services			<u>7,203</u>
Total Expenditures of Federal Awards			\$ <u>4,507,725</u>

# **ROCKWALL COUNTY, TEXAS**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**SEPTEMBER 30, 2013**

### **1. GENERAL**

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal award programs of Rockwall County, Texas. Rockwall County, Texas' reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

### **2. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the financial statements.

ROCKWALL COUNTY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

**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?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified?	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(a) of OMB Circular A-133?	None
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster:
#20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs	\$300,000
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Auditee qualified as low-risk auditee?	No
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**Findings Relating to the Financial Statements Which are  
Required to be Reported in Accordance With Generally  
Accepted Government Auditing Standards**

None

**Findings and Questioned Costs for Federal Awards**

None

**ROCKWALL COUNTY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

None