

FORT BEND COUNTY, TEXAS
FEDERAL SINGLE AUDIT REPORT
For the Year Ended September 30, 2016

FORT BEND COUNTY, TEXAS

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REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fort Bend County, Texas (the "County"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 31, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

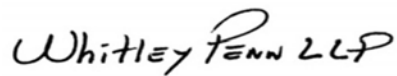
To the Honorable Robert E. Hebert, County Judge
and Members of Commissioners Court
Fort Bend County, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

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

Houston, Texas
March 31, 2017

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE *UNIFORM GUIDANCE***

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

Report on Compliance for Each Major Federal Program

We have audited Fort Bend County, Texas' (the "County") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the *Uniform Guidance* 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.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, 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 that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated March 31, 2017, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *Uniform Guidance* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Whitley Penn LLP

Houston, Texas
March 31, 2017

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended September 30, 2016

I. Summary of Auditors' Results	
Financial Statements	
Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No
Identification of major programs	
Name of Federal Program or Cluster	CFDA Numbers
CDBG – Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants	14.218
Continuum of Care Program	14.267
Immunization Cooperative Agreement - Locals	93.268
Medicaid Cluster: Medical Assistance Program 1115 Waiver	93.778
Medical Assistance Program – Ambulance Services	93.778
1. Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
2. Auditee qualified as low-risk auditee?	No

FORT BEND COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended September 30, 2016

II. Financial Statement Findings

None noted

III. Federal Award Findings and Questioned Costs

None noted

IV. Status of Prior Year Findings and Questioned Costs

None noted

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed through to Subrecipients
U.S. Department of Agriculture				
<u>Passed-through the Texas Department of Agriculture - Food and Nutrition Division:</u>				
Child Nutrition Cluster:				
Non-cash assistance:				
<i>Food Donation (Program Year 2016: 10/1/15 - 9/30/16)</i>	10.555	079017A2016	\$ 6,401	\$
Cash assistance:				
<i>School Breakfast Program 2015-2016</i>	10.553	792002	29,951	
<i>School Breakfast Program 2016-2017</i>	10.553	792002	8,768	
<i>National School Lunch Program 2015-2016</i>	10.555	792002	43,971	
<i>National School Lunch Program 2016-2017</i>	10.555	792002	12,733	
<i>Summer Food Service Program for Children</i>	10.559	01637	98,583	
Total Child Nutrition Cluster			<u>200,407</u>	
Total U.S. Department of Agriculture			<u>200,407</u>	
U.S. Department of Housing and Urban Development				
<u>Direct Programs:</u>				
CDBG - Entitlement Grants Cluster:				
<i>Community Development Block Grants/Entitlement Grants 2014</i>	14.218	B-14-UC-48-0004	1,123,508	120,160
<i>Community Development Block Grants/Entitlement Grants 2015</i>	14.218	B-15-UC-48-0004	961,177	301,006
Total CDBG - Entitlement Grants Cluster			<u>2,084,685</u>	<u>421,166</u>
<i>Continuum of Care Program</i>				
<i>Homeless Emergency Assistance and Rapid Transition Housing (HEARTH)</i>	14.267	TX0353L6E001402	194,751	
<i>Emergency Solutions Grant Program 2014</i>				
<i>Homeless Emergency Assistance and Rapid Transition Housing (HEARTH)</i>	14.231	E-14UC-48-0003	29,601	29,310
<i>Emergency Solutions Grant Program 2015</i>				
<i>Home Investment Partnerships Program 2013</i>	14.231	E-15UC-48-0003	123,925	109,536
<i>Home Investment Partnerships Program 2014</i>	14.239	M-13-UC-48-0216	6,630	
<i>Home Investment Partnerships Program 2015</i>	14.239	M-14-UC-48-0216	97,311	
<i>Home Investment Partnerships Program 2015</i>	14.239	M-15-UC-48-0216	2,483	
Total U.S. Department of Housing and Urban Development			<u>2,539,386</u>	<u>560,012</u>
U.S. Department of Justice				
<u>Direct Programs:</u>				
<i>Edward Byrne Justice Assistance Grant FY13</i>	16.738	2013-DJ-BX-0868	12,390	
<i>Edward Byrne Justice Assistance Grant FY14</i>	16.738	2014-DJ-BX-0696	13,190	
<i>Edward Byrne Justice Assistance Grant FY15</i>	16.738	2015-DJ-BX-0424	57,725	
Total Direct Programs			<u>83,305</u>	
<u>Passed-through the Office of the Governor Criminal Justice Division:</u>				
<i>Crime Victim Assistance -Victim Witness Staff Expansion-(VOCA) (District Atty)</i>	16.575	VA-1364516	122,395	
<i>Violence Against Women Formula Grant - Prosecutor (District Atty)</i>	16.588	WF-1344718	115,365	
<i>Violence Against Women Formula Grant - Prosecutor (District Atty)</i>	16.588	WF-1344719	9,910	
<i>Crime Victim Assistance -Victim Services Program-Victim of Crime Act (VOCA) (CSCD)</i>	16.575	VA-1364816	38,417	
<i>Edward Byrne Justice Assistance - CID Investigators</i>	16.738	DJ-2674103	83,441	
Total Passed-through the Office of the Governor Criminal Justice Division			<u>369,528</u>	
<u>Passed-through the City of Houston:</u>				
<i>Internet Crimes Against Children Task Force Program: District Atty</i>	16.543	2015-MC-FX-K046	54,213	
<i>Internet Crimes Against Children Task Force Program: District Atty</i>	16.543	2015-MC-FX-K046	20,247	
Total Passed-through the City of Houston			<u>74,460</u>	
Total U.S. Department of Justice			<u>\$ 527,293</u>	<u>\$</u>

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the year ended September 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed through to Subrecipients
U.S. Department of Transportation				
<u>Direct Programs:</u>				
Federal Transit Cluster:				
Section 5307 Urban Public Transportation	20.507	TX90-X968	\$ 159,378	\$
Section 5307 Urban Public Transportation	20.507	TX90-Y026	2,317,385	
Section 5307 Urban Public Transportation	20.507	TX90-Y120	944,764	
Section 5307 Urban Public Transportation	20.507	TX-90-Y120-00	990,695	
CMAQ - Westpark P&R	20.507	TX-95-X080	14,753	
Total Federal Transit Cluster			<u>4,426,975</u>	
Transit Services Programs Cluster:				
Section 5310 Elderly & Disabled Transportation Program	20.513	TX37-X059	165,248	
Total Direct Programs			<u>4,592,223</u>	
<u>Passed-through Texas Department of Transportation:</u>				
Highway Planning and Construction Cluster:				
ROW Spur 10				
ROW FM359	20.205	CSJ-0187-05-057	8,919	
Section 5311 State/Local Rural Public Transportation	20.205	CSJ-0543-02-056	423,638	
Section 5311 State/Local Rural Public Transportation	20.509	RPT 1401 (11) 38	83,976	
Section 5311 State/Local Rural Public Transportation	20.509	RPT 1402 (11) 35	5,553	
Section 5311 State/Local Rural Public Transportation	20.509	RPT 1402 (11) 35	46,030	
Section 5322 State/Local Rural Public Transportation	20.509	RPT 1502 (11) 39	18,007	
Section 5311 State/Local Rural Public Transportation	20.509	RPT 1601 (11) 38	44,725	
Total Passed-through Texas Department of Transportation:			<u>630,848</u>	
<u>Passed-through Houston-Galveston Area Council:</u>				
Highway Planning and Construction Cluster:				
Fort Bend County Major Thoroughfare Plan				
Texas Medical Commuter Service Expansion	20.205	TP2410-03	28,942	
Total Passed-through Houston-Galveston Area Council	20.205	TDOT.10.1112.02	78,648	
			<u>107,590</u>	
Total Highway Planning and Construction Cluster			<u>738,438</u>	
<u>Passed-through Metropolitan Transit Authority of Harris County:</u>				
Transit Services Programs Cluster:				
Section 5310 Elderly & Disabled Transportation Program	20.513	TX 16-0X25	1,010,740	
Section 5316 Job Access/Reverse Commute Federal Funds	20.516	TX37-X059	625,858	
Section 5317 New Freedom Federal Funds	20.521	TX57-X006	82,620	
Total Transit Services Programs Cluster			<u>1,719,218</u>	
Total U.S. Department of Transportation			<u><u>7,049,879</u></u>	
National Endowment of the Humanities				
<u>Passed-through American Library Association:</u>				
Promotion of the Humanities Public Programs - Latino Americans	45.164	LA105232	2,050	
Total National Endowment of the Humanities			<u><u>2,050</u></u>	
Executive Office of the President				
<u>Direct Programs:</u>				
Office on National Drug Control Policy				
High Intensity Drug Trafficking Areas (HIDTA) (Sheriff's Office)	95.001	G14HN0010A	10,836	
High Intensity Drug Trafficking Areas (HIDTA) (Sheriff's Office)	95.001	G15HN0010A	790,057	
High Intensity Drug Trafficking Areas (HIDTA) (Sheriff's Office)	95.001	G16HN0010A	141,426	
Total Executive Office of the President			<u><u>\$ 942,319</u></u>	<u><u>\$</u></u>

FORT BEND COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the year ended September 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed through to Subrecipients
U.S. Environmental Protection Agency				
<u>Direct Program:</u>				
FY08 EPA STAG Grant	66.202	XP-00F30401	\$ 117,194	\$
Total U.S. Environmental Protection Agency			117,194	
U.S. Department of Health & Human Services				
<u>Passed-through Texas Department of Family & Protective Services:</u>				
Foster Care Title IV-E FY '14 (Legal) ARRA	93.658	23941775	61,003	
Foster Care Title IV-E FY '14 (CWS) ARRA	93.658	23941778	11,049	
Total Passed-through Texas Department of Family & Protective Services			72,052	
<u>Passed-through Texas Juvenile Probation Commission:</u>				
Foster Care Title IV-E	93.658	TJPC E-2016-079	24,962	
Total Passed-through Texas Juvenile Probation Commission			24,962	
<u>Passed-through Texas Department of State Health Services:</u>				
Public Health Emergency Preparedness (PHEP) (Hazards)	93.069	2016-001130-00	240,824	
Public Health Emergency Preparedness (PHEP) (Hazards)	93.069	2016-001130-01	73,457	
Public Health Emergency Preparedness - CRI - Cities Readiness Initiative	93.069	2016-001133-00	111,230	
Public Health Emergency Preparedness - CRI - Cities Readiness Initiative	93.069	2016-001133-01	43,458	
Public Health Emergency Preparedness - CPS One Time Discretionary Unique Contract	93.069	2016-004040-00	62,998	
Public Health Emergency Preparedness - Ebola	93.074	2015-003625-00	137,445	
Immunization Cooperative Agreement - Locals	93.268	2016-001054-00	208,651	
Immunization Cooperative Agreement - Locals	93.268	2016-001054-01	16,626	
Centers for Disease Control and Prevention - HIV/PREVF HIV-Prevention Services	93.940	2016-004093-02	109,171	
Tuberculosis Prevention & Control - Federal	93.116	2015-001385-01	32,275	
Tuberculosis Prevention & Control - Federal	93.116	2016-001385-01	71,673	
Total Passed-through Texas Department of State Health Services			1,107,808	
<u>Passed-through Texas Health and Human Services Commission:</u>				
Medicaid Cluster:				
Medical Assistance Program - Ambulance Services	93.778	NPI 1457322885/TPI 086395301	1,469,163	
Medical Assistance Program 1115 Waiver	93.778	2967606-01	5,826,330	
Total Medicaid Cluster			7,295,493	
Total U.S. Department of Health & Human Services			8,500,315	
U.S. Department of Homeland Security				
<u>Passed-through Texas Department of Public Safety - Division of Emergency Management:</u>				
Emergency Management Performance Grant	97.042	15TX-EMPG-0511	107,849	
Urban Area Security Initiative (UASI) 2014	97.067	EMW-2014-SS-00029	643,227	
Urban Area Security Initiative (UASI-LETPA) 2014	97.067	EMW-2014-SS-00029	37,357	
Total Passed-through Texas Department of Public Safety - Division of Emergency Management			788,433	
<u>Passed-through the Office of the Governor Homeland Security Grants Division:</u>				
Community Preparedness	97.067	HS-2970901	184,344	
Hazmat Sustainment/Enhancement	97.067	HS-2971001	8,910	
Mass Fatality Equipment Transport Trailer	97.067	HS-2971101	7,715	
Houston Regional Intelligence Service Center - Analyst	97.067	HS-2971201	61,759	
Helicopter Equipment Upgrade	97.067	HS-2971301	433,181	
Collapse Search and Rescue	97.067	HS-2971401	95,516	
SWAT Sustainment/Enhancement	97.067	HS-2971501	62,227	
Subscriber Unit Upgrade	97.067	HS-2971601	102,873	
EOC Technology	97.067	HS-2971701	50,340	
Regional Planners	97.067	HS-2971801	148,469	
Regional Technology Sustainment (PIER)	97.067	HS-2971901	92,714	
Management and Administration	97.067	HS-2985401	48,303	
Total Passed-through Texas Department of Public Safety - Division of Emergency Management			1,296,351	
Total U.S. Department of Homeland Security			2,084,784	
Total Expenditures of Federal Awards			\$ 21,963,627	\$ 560,012

FORT BEND COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Fort Bend County, Texas (the “County”) under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) *Uniform Guidance*. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

Note 2 - Summary of Significant Accounting Policies

The County accounts for all federal awards under programs of the federal government in the General and Special Revenue Funds. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds for governmental funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When such funds are advanced to the County, they are recorded as unearned revenues until earned. Otherwise, federal grant funds are received on a reimbursement basis from the respective federal program agencies. Generally, unused balances are returned to the grantor at the close of specified project periods. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the *Uniform Guidance*.