

TEXAS BORDER SHERIFF'S COALITION
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2013
AND INDEPENDENT AUDITORS' REPORT

TEXAS BORDER SHERIFF'S COALITION

BOARD OF DIRECTORS

September 30, 2013

Sheriff Joe Frank Martinez – Val Verde County

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Director of Operations

TEXAS BORDER SHERIFF'S COALITION

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September 30, 2013

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Schmid Broaddus
Nugent Gano PC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Texas Border Sheriff's Coalition

Report on the Financial Statements

We have audited the accompanying statement of financial position of Texas Border Sheriff's Coalition (a non-profit organization) which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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; and State of Texas Single Audit Circular. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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(Continued)

To the Board of Directors of
Texas Border Sheriff's Coalition

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texas Border Sheriff's Coalition as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grant expenses on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards on page 16, 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 *State of Texas Single Audit Circular*, and is also 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 included in the schedule of expenditures of federal and state awards and the schedule of grant expenses is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2014 on our consideration of Texas Border Sheriff's Coalition internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Texas Border Sheriff's Coalition's internal control over financial reporting and compliance.

Schmid Broadus Augent ÷ Yano PC

El Paso, Texas
January 6, 2014

TEXAS BORDER SHERIFF'S COALITION

STATEMENT OF FINANCIAL POSITION

September 30, 2013

ASSETS

Current assets:	
Cash - unrestricted	\$ 46,327
Cash - restricted	98,199
Grants receivable	309,154
Due from SWBC	502
Prepaid expenses and other assets	<u>2,158</u>
Total current assets	456,340
Property and equipment, net of accumulated depreciation	<u>1,550</u>
Total assets	<u>\$457,890</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 383,462
Refundable advances	38,230
Accrued liabilities	<u>17,785</u>
Total current liabilities	<u>439,477</u>
Unrestricted net assets	<u>18,413</u>
Total net assets	<u>18,413</u>
Total liabilities and net assets	<u>\$457,890</u>

The accompanying notes are an integral part of these financial statements.

TEXAS BORDER SHERIFF'S COALITION

STATEMENT OF ACTIVITIES

Year Ended September 30, 2013

Support and revenue:	
Grants	\$2,715,212
Contributions	11,500
Conferences	<u>7,150</u>
Total support and revenue	<u>2,733,862</u>
Expenses:	
Pass-through expenses to counties	2,270,316
Grant expenses	444,897
Conferences	11,864
Non-grant expenses	3,770
Depreciation	<u>3,118</u>
Total expenses	<u>2,733,965</u>
Change in unrestricted net assets	(103)
Unrestricted net assets, beginning of year	<u>18,516</u>
Unrestricted net assets, end of year	<u>\$ 18,413</u>

The accompanying notes are an integral part of these financial statements.

TEXAS BORDER SHERIFF'S COALITION

STATEMENT OF CASH FLOWS

Year Ended September 30, 2013

Cash flows from operating activities:	
Change in net assets	\$ (103)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	3,118
(Increase) decrease in:	
Grants receivable	(44,551)
Due from counties	26,699
Due from employee	(361)
Prepaid expenses	(27)
Decrease in:	
Accounts payable	(38,110)
Refundable advances	(220,380)
Accrued liabilities	<u>(8,788)</u>
Net cash used in operating activities	<u>(282,503)</u>
Net decrease in cash and cash equivalents	(282,503)
Net cash, beginning of the year	<u>427,029</u>
Net cash, end of the year	<u>\$ 144,526</u>

The accompanying notes are an integral
part of these financial statements.

TEXAS BORDER SHERIFF'S COALITION

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The summary of significant accounting policies of Texas Border Sheriff's Coalition (the Coalition) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity.

Nature of Activities - The Coalition is a Texas non-profit organization established in 2005 and dedicated to exclusively assist Texas sheriffs in Texas counties along the international boundary with Mexico in protecting lives, property and the rights of United States citizens and inhabitants by maintaining order and security, enforcing law impartially and providing police services along the border with Mexico.

Basis of Accounting and Financial Statement Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recognized when they are earned and become measurable. Expenses are recognized when the related liability for payment is incurred. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Coalition and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Estimates - The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect amounts and notes reported herein. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statements of cash flows, cash and cash equivalents consist of amounts of cash on hand and deposits with commercial banks.

Support and Revenue - The Coalition's revenues are generally available for unrestricted use in the year received unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted support received, whose restrictions are met in the same reporting period, are reported as unrestricted. The Coalition is supported primarily by federal and state grants.

(Continued)

TEXAS BORDER SHERIFF'S COALITION

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Doubtful Accounts - Management periodically evaluates the collectability of its accounts and grants receivable. At September 30, 2013, all accounts and grants receivable are deemed to be collectible.

Property and Equipment - Purchased assets are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. The Organization capitalizes all assets with a value over \$1,000.

Property and equipment is depreciated over the following estimated useful lives:

Furniture and office equipment	5 Years
Computer equipment and software	5 Years
Automobile	3 Years

Federal Income Taxes - The Coalition is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation under Section 509(a)(2) of the Internal Revenue Code. There was no unrelated business income for the year ended September 30, 2013.

The Coalition files a Return of Organization Exempt from Income Tax under Section 501(c)(3) of the Internal Revenue Code. The Coalition is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before September 30, 2010. There are no examinations in progress at September 30, 2013.

Compensated Absences - Employees of the Coalition are entitled to paid vacation, sick days, and other time, depending on their employment status, length of service and other factors. The Coalition's employees earn vacation leave of twelve days per year. After three years of continued employment employees earn vacation leave of eighteen days per year. Unused vacation leave may not be carried over at the end of the year in excess of eighty hours. Employees are paid for unused vacation time upon separation from the Coalition. Sick leave is not accrued since it is not paid upon separation from the Coalition. As of September 30, 2013, \$6,407 of unused vacation leave was accrued and has been recorded in the accompanying financial statements.

Restricted Cash - The Coalition is required by the Local Border Security Program grant to maintain a separate bank account for funds received.

Refundable Advances - The Coalition records advanced unexpended grant awards as refundable advances. As of September 30, 2013, refundable advances amounted to \$38,230.

(Continued)

TEXAS BORDER SHERIFF'S COALITION
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

GRANTS RECEIVABLE

Grants receivable totaled \$309,154 at September 30, 2013, which was due from the Office of the Governor.

PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation consisted of the following at September 30, 2013:

Vehicle	\$ 37,312
Computer equipment and software	14,550
Furniture and office equipment	<u>4,187</u>
	56,049
Less accumulated depreciation	<u>(54,499)</u>
Property and equipment, net of accumulated depreciation	\$ <u>1,550</u>

Depreciation expense totaled \$3,118 for the year ended September 30, 2013.

MAJOR SUPPORT

As of September 30, 2013, the Coalition received 16% of its support from the Department of Justice and 83% from the Office of the Governor of the State of Texas.

CONTINGENT LIABILITIES

The Coalition is subject to potential litigation in the normal course of providing its services to the community. In addition, financial awards from federal, state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Coalition for disallowed costs or noncompliance with grantor restrictions. In management's opinion, the Coalition is adequately insured to cover the cost, if any, of such potential litigation. Management is not aware of any pending litigation involving the Coalition. Furthermore, in the opinion of the Coalition, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grants, therefore, no provision has been made for any liabilities that may arise from such audits.

The Organization occupies office space on a month-to-month basis. Rent expense for the year ended September 30, 2013 was \$24,250.

(Continued)

TEXAS BORDER SHERIFF'S COALITION

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

CONCENTRATION OF CREDIT RISK

Financial instruments that are exposed to concentrations of credit risk consist of cash and grants receivable.

The Organization maintains cash balances at financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. Management assesses the financial condition of this bank and believes that the possibility of any credit loss is minimal.

Grant receivables are from federal and state agencies. Realization of these receivables is dependent on compliance with grant contracts. Grant receivables are carried at estimated net realizable values.

SUBSEQUENT EVENTS

On August 28, 2013, the Coalition received a grant acceptance from the Border Initiative – Border Star of \$294,037 that will start on October 1, 2013. Additionally, on November 25, 2013, the Coalition received \$37,191 in grants from the LBSP.

Management has evaluated subsequent events through January 6, 2014, the date the financials were available to be issued.

AUDITORS' SECTION



Schmid Broaddus
Nugent Gano PC

Certified Public Accountants

**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 Board of Directors of
Texas Border Sheriff's Coalition

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 Texas Border Sheriff's Coalition (a non-profit organization) which comprise the statement of financial position as of September 30, 2013, and the related statements of activities and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated January 6, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Texas Border Sheriff's Coalition'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Texas Border Sheriff's Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of Texas Border Sheriff's Coalition'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 control 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 over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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To the Board of Directors of
Texas Border Sheriff's Coalition

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Texas Border Sheriff's Coalition'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schmid Broaddus August : Mano PC

El Paso, Texas
January 6, 2014



Schmid Broaddus
Nugent Gano PC

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR
A-133 AND STATE OF TEXAS SINGLE AUDIT CIRCULAR**

To the Board of Directors of
Texas Border Sheriff's Coalition

Report on Compliance for Each Major Program

We have audited Texas Border Sheriff's Coalition's (a non-profit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and State of Texas Single Audit Circular that could have a direct and material effect on each of Texas Border Sheriff's Coalition's major federal and state programs for the year ended September 30, 2013. Texas Border Sheriff's Coalition'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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Texas Border Sheriff's Coalition's major federal and 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and State of Texas Circular Single Audit. Those standards, OMB Circular A-133 and State of Texas Circular Single Audit, 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 and state program occurred. An audit includes examining, on a test basis, evidence about Texas Border Sheriff's Coalition'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 and state program. However, our audit does not provide a legal determination of Texas Border Sheriff's Coalition's compliance.

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(Continued)

To the Board of Directors of
Texas Border Sheriff's Coalition

Opinion on Major Federal and State Programs

In our opinion, Texas Border Sheriff's Coalition complied, in all materials respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

The management of Texas Border Sheriff's Coalition 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, we considered Texas Border Sheriff's Coalition's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal and 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 federal and state program, and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of Texas 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 Texas Border Sheriff's Coalition'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 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 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. *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, as defined above. However, material weaknesses may exist that have not been identified.

(Continued)

To the Board of Directors of
Texas Border Sheriff's Coalition

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 and State of Texas Single Audit Circular. Accordingly, this report is not suitable for any other purpose.

Schmid Broaddus August 2, 2014 PC

El Paso, Texas
January 6, 2014

TEXAS BORDER SHERIFF'S COALITION
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2013

Program Title	Contract Period	Agency or Pass- Through Number	Federal CFDA Number	Program or Award Amount	Federal Expenditures
FEDERAL EXPENDITURES					
DEPARTMENT OF JUSTICE					
<i>Passed through the State of Texas/Office of the Governor/Criminal Justice Division</i>					
Edward Byrne Memorial Justice Assistance Grant Program - Border Initiative	10/1/2012-9/30/13	DJ-10-A10-18594-07	16.738	\$ 493,591	<u>\$ 444,897</u>
Total Department of Justice					<u>444,897</u>
Total Expenditures of Federal Awards					<u>444,897</u>
STATE EXPENDITURES					
OFFICE OF THE GOVERNOR					
DIVISION OF EMERGENCY MANAGEMENT					
Local Border Security Program	04/01/11-12/31/2012	LBSP-110001	N/A	\$ 4,135,961	223,784
Local Border Security Program	07/06/12-01/31/2013	LBSP-12-001	N/A	\$ 1,188,365	994,347
Local Border Security Program	1/1/2013-8/31/2013	LBSP-13-01	N/A	\$ 1,389,000	<u>1,052,185</u>
Total Office of the Governor					<u>2,270,316</u>
Total Expenditures of State Awards					<u>2,270,316</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS					<u><u>\$ 2,715,213</u></u>

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

TEXAS BORDER SHERIFF'S COALITION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Texas Border Sheriff's Coalition is presented to assist in understanding Texas Border Sheriff's Coalition's Schedule of Expenditures of Federal and State Awards. The Schedule and notes are representations of Texas Border Sheriff's Coalition's management, who is responsible for their integrity and objectivity.

Basis of Accounting and Presentation - The Schedule of Expenditures of Federal and State Awards is prepared using the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *State of Texas Single Audit Circular*. Because the schedule presents only a selected portion of the operations of Texas Border Sheriff's Coalition, it is not intended to and does not present the financial position, changes in net assets or cash flows of Texas Border Sheriff's Coalition.

Sub-Recipients - There were thirteen sub-recipients of the Federal and State awards received by Texas Border Sheriff's Coalition for the year ended September 30, 2013. The following schedule shows the amounts passed-through to each county for the fiscal year ended September 30, 2013:

<u>County</u>	<u>Amount Passed-Through</u>
El Paso County	\$ 576,075
Hidalgo County	292,619
Starr County	276,972
Webb County	245,675
Zavala County	156,538
Zapata County	155,405
Dimmit County	145,267
Hudspeth County	117,204
Val Verde County	104,177
Pecos County	94,368
Maverick County	55,062
Cameron County	36,704
Terrell County	<u>14,250</u>
Total distributions to counties	<u>\$2,270,316</u>

TEXAS BORDER SHERIFF'S COALITION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2013

I. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Texas Border Sheriff's Coalition.
2. No significant deficiencies or material weaknesses were reported in the audit of the financial statements of Texas Border Sheriff's Coalition as reported in the 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*.
3. No instances of noncompliance material to the financial statements of Texas Border Sheriff's Coalition, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal and state award programs were disclosed during the audit as reported in the Report on Compliance with Requirements for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 and State of Texas Single Audit Circular.
5. The auditors' report on compliance for the major federal and state award programs for Texas Border Sheriff's Coalition expresses an unmodified opinion on all major federal and state programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 and State of Texas Single Audit Circular.
7. The program tested as a major program was the Office of the Governor - Local Border Security Program.
8. The threshold used for distinguishing between Type A and B program was \$300,000.
9. Texas Border Sheriff's Coalition qualified as a low-risk auditee.

(Continued)

TEXAS BORDER SHERIFF'S COALITION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)

Year Ended September 30, 2013

**II. AUDIT FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE
REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS*.**

Current Year Findings: None

Prior Year Findings: None

**III. AUDIT FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AND STATE
AWARD PROGRAMS AUDIT.**

Current Year Findings: None

Prior Year Findings: None

TEXAS BORDER SHERIFF'S COALITION

SCHEDULE OF GRANT EXPENSES

Year Ended September 30, 2013

Personnel expenses:	
Salaries and wages	\$ 166,612
Payroll taxes	13,561
Health insurance	<u>10,650</u>
	<u>190,823</u>
Contractual expenses:	
Contracted services	150,881
Accounting fees	11,966
Insurance expense	5,709
Computer repair	<u>2,599</u>
	<u>171,155</u>
Travel expenses:	
Lodging	9,544
Airfare	8,021
Meals	5,978
Automobile expenses	4,696
Mileage	<u>1,111</u>
	<u>29,350</u>
Office expenses:	
Rent expense	24,250
Telephone expense	10,411
Electric expense	4,843
Office expense	3,899
Vehicle operating costs	2,887
Office equipment	557
Postage and delivery	2,380
Software	1,942
Meetings	2,300
Dues and subscriptions	<u>100</u>
	<u>53,569</u>
Total grant expenses	<u>\$444,897</u>

See accompanying auditors' report.