COLLIN COUNTY
JUVENILE PROBATION DEPARTMENT

FINANCIAL AND COMPLIANCE AUDIT REPORTS

FOR THE YEAR ENDED
AUGUST 31, 2016

GRANT TJJD-A-2016-043
GRANT TJJD-P-2016-043
GRANT TJJD-R-2016-043

COLLIN COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS

FOR THE YEAR ENDED AUGUST 31, 2016

TABLE OF CONTENTS

	Page Number
Independent Auditors' Report	1 – 3
FINANCIAL SECTION	
Statement of Revenues, Expenditures and Changes in Fund Balance by Contract – Budget and Actual – Regulatory Basis	4
Notes to Financial Statements	5 – 8
COMPLIANCE SECTION	
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*	9 – 10
Schedule of Findings and Questioned Costs	11
Schedule of Prior Year Findings and Questioned Costs	12

THIS PAGE LEFT BLANK INTENTIONALLY

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

INDEPENDENT AUDITORS' REPORT

Members of the Board
Collin County Juvenile Board
McKinney, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Texas Juvenile Justice Department Grant Funds of Collin County Juvenile Probation Department (the "Department"), which comprise the statement of revenues, expenditures and changes in fund balances – budget and actual-regulatory basis for the year ended August 31, 2016 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 the financial reporting provisions of the Texas Juvenile Justice Department. Management is also responsible for 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 error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

WACO, TX
401 West Highway 6
Waco, Texas 76710
254.772.4901
www.pbhcpa.com

HOUSTON, TX
281.671.6259

RIO GRANDE VALLEY, TX
956.544.7778

TEMPLE, TX
254.791.3460

ALBUQUERQUE, NM
505.266.5904

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue earned and expenditures incurred compared to budgeted revenues and expenditures of the Department's Texas Juvenile Justice Department Grant Funds for the year ended August 31, 2016, in accordance with the financial reporting provisions of the Texas Juvenile Justice Department as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provision of the Texas Juvenile Justice Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Texas Juvenile Justice Department. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in Note 1, the financial statement presents the results of operations of the Department's Texas Juvenile Justice Department Grant Funds only and is not intended to present fairly the results of operations of Collin County, Texas in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2017, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts, 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 Collin County's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of management, Collin County, others within Collin County Juvenile Probation Department and the Texas Juvenile Justice Department and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 21, 2017

THIS PAGE LEFT BLANK INTENTIONALLY

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

COLLIN COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY CONTRACT BUDGET AND ACTUAL - REGULATORY BASIS

FOR THE YEAR ENDED AUGUST 31, 2016

	A-2016-043		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
TJJD funds	$ 1,901,473	$ 1,903,815	$ 2,342
Total Revenue	1,901,473	1,903,815	2,342
EXPENDITURES			
Basic Probation Services	1,105,691	1,105,691	-
Community Programs	479,219	479,219	-
Pre Post Adjudications	130,343	130,343	-
Mental Health Services	186,220	186,220	-
Total Expenditures	1,901,473	1,901,473	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	2,342	2,342
FUND BALANCE, BEGINNING OF YEAR	-	-	-
FUND BALANCE, END OF YEAR	$ -	$ 2,342	$ 2,342

ADDITIONAL INFORMATION:

Refunds paid to TJJD :	
September 30, 2016	$ 2,342

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

THIS PAGE LEFT BLANK INTENTIONALLY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Entity

The Texas Juvenile Justice Department Grant Funds of Collin County (the "Department") were established to account for juvenile probation services funded by the Texas Juvenile Justice Department in Collin County, Texas.

The Funds provide separate accountability as required under the State Financial Assistance Contract, by TJJD. The Funds are used to account for each separate program, matching funds and all related expenditures incurred.

B. Basis of Accounting

The financial statements were prepared in conformity with the accounting practices prescribed by TJJD, which prescribes policies and procedures for county probation departments, which is a comprehensive basis of accounting other than generally accepted accounting principles. These accounting practices include the following:

- The financial statements are reported using the accrual basis of accounting. Revenues are recorded when all eligibility requirements have been met and expenditures are recorded when incurred.
- The accompanying financial statements do not represent financial statements prepared in accordance with provisions for governmental funds as prescribed by the Governmental Accounting Standards Board.
- The accompanying financial statements are prepared in a format to facilitate uniform financial reporting by county probation departments.

2. RECONCILIATION OF INTEREST EARNED

Idle funds are required to be maintained in an interest bearing account. The reconciliation of interest earned on funds received from TJJD is as follows:

	Interest Earned TJJD Funds FY 2016	Interest Earned Title IV-E Funds FY 2016	Total Interest
Beginning balance, Sept 1, 2014	$ -	$ -	$ -
Interest earned on funds received from the period of 9/01/15 - 8/31/16	-	-	-
Total interest at Aug 31, 2016	-	-	-
Minus interest expenditures in FY 2016	-	-	-
Ending Balance, Aug 31, 2016	$ -	$ -	$ -

The Department did not have idle funds, therefore interest was not earned and a reconciliation is not considered necessary. The County had no idle funds as all cash received from the State merely compensated the Department for expenditures that were already incurred and paid.

3. OPERATING COSTS FOR A SECURE JUVENILE FACILITY OPERATED BY COLLIN COUNTY

The Department operates two secure juvenile facilities – a post-adjudication and pre-adjudication facility. The schedule of expenditures for each facility is as follows:

Operating Costs
Collin County Post-Adjudication Juvenile Facility
For the Year Ended August 31, 2016

	TJJD Funding	Local Funding	Total
Salary related expenses	$ 232,048	$ 842,058	$ 1,074,106
Student related expenses	-	73,229	73,229
Facility expenses	15,144	25,181	40,325
Capital Expenditures	-	-	-
Total Operating Expenditures	$ 247,192	$ 940,468	$ 1,187,660

Operating Costs
Collin County Pre-Adjudication Juvenile Facility
For the Year Ended August 31, 2016

	TJJD Funding	Local Funding	Total
Salary related expenses	$ 1,552,933	$ 5,635,310	$ 7,188,243
Student related expenses	-	490,071	490,071
Facility expenses	101,349	168,519	269,868
Capital expenditures	-	-	-
Total Operating Expenditures	$ 1,654,282	$ 6,293,900	$ 7,948,182

TJJD funding is provided from:
Grant A - $1,901,473

4. FEDERAL FINANCIAL ASSISTANCE

Collin County Juvenile Probation Department did not receive Title IV-E funds for the year ended August 31, 2016.

5. FINANCIAL MATCH REQUIREMENTS

To receive Texas Juvenile Justice Department state funds, the juvenile probation departments are required to certify that the amount of local or county funds expended for juvenile services is at least equal to or greater than the amount spent in the 2006 county fiscal year excluding construction and capital outlay expenses. A confirmation of local funds for the year ending August 31, 2016 is required and presented below:

Local Funding Expended (less construction and capital outlay)

FY 2016	$ 9,336,697
FY 2006	5,815,185

The Juvenile Probation Department certified the financial match requirements were fulfilled in FY 2016.

6. STATE FINANCIAL ASSISTANCE

a. The Texas Juvenile Justice Department provided the County the following funds for the

JJAEP Juvenile Reimbursement Grant funds. A confirmation of revenue receipted in the year ending August 31, 2016 is required and presented below.

Contract Number	Amount Received (Cash Basis) August 31, 2016
P-2016-043	$ 163,104

b. The Texas Juvenile Justice Department provided approval for the County for the following funds for Grant R – Regional Diversion Alternatives (RDA) Program Reimbursement Grant funds. A confirmation of revenue receipted in the year ending August 31, 2016 is required and presented below. The county reported spending $3,208.39 of the total award prior to the November 30, 2016 deadline as established in Grant R. Unexpended funds of $129.61 were returned to TJJD on 1/1/2017.

Contract Number	Amount Received (Accrual Basis) August 31, 2016
R-2016-043	$ 3,338

COMPLIANCE SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

PATTILLO, 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*

Members of the Board
Collin County Juvenile Board
Collin 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 Texas Juvenile Justice Department Grant Funds of Collin County Juvenile Probation Department, and have issued our report thereon dated February 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Collin County Juvenile Probation Department'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 Collin County Juvenile Probation Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Collin County Juvenile Probation Department'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.

WACO, TX
401 West Highway 6
Waco, Texas 76710
254.772.4901
www.pbhcpa.com

HOUSTON, TX
281.671.6259

RIO GRANDE VALLEY, TX
956.544.7778

TEMPLE, TX
254.791.3460

ALBUQUERQUE, NM
505.266.5904

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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Collin County Juvenile Probation Department's 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
February 21, 2017

COLLIN COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2016

Findings:

There were no findings or questioned costs for the year ended August 31, 2016.

COLLIN COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2016

Finding No. 2015-1

Affected Grant:	Grant N
Condition:	The Department exceeded the budget in *Operating expenditures* for Grant N.
Recommendation:	The individual responsible for approving grant expenditures should review monthly expenditure reports and current obligations to ensure the grants are expended within the requirements and allocated in accordance with the requirements of the Texas Juvenile Justice Department.
Current Status:	The Department adopted procedures to ensure that expenditures are not obligated in excess of the approved budget. Additionally, the Department trained personnel to allocate the budget and expenditures in accordance with the Texas Juvenile Justice Department guidelines.