

**GRAYSON COUNTY
JUVENILE PROBATION DEPARTMENT**

AUDIT REPORT

FOR THE YEAR ENDED AUGUST 31, 2012

**GRANT TJJJ-A-12-091
GRANT TJJJ-C-12-091
GRANT TJJJ-S-12-091**

**GRAYSON COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
REGULATORY BASIS**

FOR THE YEAR ENDED AUGUST 31, 2012

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report.....	1 – 2
 FINANCIAL SECTION	
Statement of Revenue, Expenditures and Changes in Fund Balance by Contract – Budget and Actual – Regulatory Basis.....	3 – 4
Notes to Financial Statements.....	5 – 7
 COMPLIANCE SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	8 – 9
Schedule of Findings and Questioned Costs	10
Schedule of Prior Year Findings and Questioned Costs	11

THIS PAGE LEFT BLANK INTENTIONALLY

INDEPENDENT AUDITORS' REPORT

Grayson County Juvenile Probation Department
Grayson County, Texas

We have audited the statement of revenue, expenditures and changes in fund balance – budget and actual – regulatory basis for the year ended August 31, 2012, of the Grayson County Juvenile Probation Department, Texas Juvenile Justice Department Grant Funds. This statement is the responsibility of the management of the Grayson County Juvenile Probation Department. Our responsibility is to express an opinion on the financial statement 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed more fully in Note 1, the Grayson County Juvenile Probation Department prepares its financial statement using accounting practices prescribed or permitted by the Texas Juvenile Justice Department, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statement of the variances between those regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The financial statement was prepared on the same basis of accounting used for reporting to the Texas Juvenile Justice Department, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 Grayson County, Texas, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue it earned and expenditures incurred compared to budgeted revenues and expenditures of the Grayson County Juvenile Probation Department's Texas Juvenile Justice Department Grant Funds for the year then ended August 31, 2012, in conformity with the basis of accounting as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 25, 2013, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management of the Grayson County, Texas, Juvenile Board and for filing with 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.

February 25, 2013

FINANCIAL SECTION

**GRAYSON COUNTY JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS**

**STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE BY CONTRACT
BUDGET AND ACTUAL (REGULATORY BASIS)**

FOR THE YEAR ENDED AUGUST 31, 2012

	A-12-091		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
TJJD funds	\$ 1,086,462	\$ 1,086,462	\$ -
Total Revenue	1,086,462	1,086,462	-
EXPENDITURES			
Salaries and fringe benefits	845,962	845,962	-
Travel	5,000	5,000	-
Operating	28,000	28,000	-
Non-residential services	57,500	57,500	-
Residential services	150,000	150,000	-
Total Expenditures	1,086,462	1,086,462	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -

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

C-12-091			S-12-091		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 93,631	\$ 93,631	\$ -	\$ 76,000	\$ 76,000	\$ -
<u>93,631</u>	<u>93,631</u>	<u>-</u>	<u>76,000</u>	<u>76,000</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	48,000	30,171	\$ 17,829
-	-	-	12,000	15,576	(3,576)
-	-	-	16,000	30,253	(14,253)
<u>93,631</u>	<u>93,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>93,631</u>	<u>93,631</u>	<u>-</u>	<u>76,000</u>	<u>76,000</u>	<u>-</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**GRAYSON COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

The Texas Juvenile Justice Department Grant Funds of Grayson County (the Funds) were established to account for juvenile probation services funded by the Texas Juvenile Justice Department (TJJD) in Grayson County, Texas. The financial statements present only the activity of Juvenile Probation Department funds and do not include activity of Grayson County.

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.

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 were maintained in an interest bearing account. The reconciliation of interest earned on funds received from TJJD is as follows:

	Interest Earned TJJD Funds Fiscal Year	
	2012	Total
	<u> </u>	<u> </u>
Beginning balance, September 1, 2011	\$ -	\$ -
Interest earned on funds received from TJJD in the period of September 1 - August 31, 2012	<u>475</u>	<u>475</u>
Total interest at August 31, 2012	475	475
Minus interest expenditures in FY 2012	<u>(475)</u>	<u>(475)</u>
Ending balance, August 31, 2012	<u>\$ -</u>	<u>\$ -</u>

3. OPERATING COSTS FOR A SECURE JUVENILE FACILITY

The Department operates two secure juvenile facilities—a post-adjudication and pre-adjudication facility. The schedule of expenditures for each facility is as follows. The following disclosure is included in this audit to support registration of the secure facility with TJJD in Grayson County.

Operating Costs
Grayson County Post-Adjudication Juvenile Facility
Ended August 31, 2012

	TJJD Funding	Local Funding	Total
	<u> </u>	<u> </u>	<u> </u>
Salary related expenses	\$ -	\$ 1,498,803	\$ 1,498,803
Student related expenses	-	172,021	172,021
Facility expenses	<u>-</u>	<u>264,058</u>	<u>264,058</u>
Total Operating Expenditures	<u>\$ -</u>	<u>\$ 1,934,882</u>	<u>\$ 1,934,882</u>

3. OPERATING COSTS FOR A SECURE JUVENILE FACILITY (Continued)

Operating Costs
 Grayson County Pre-Adjudication Juvenile Facility
 Ended August 31, 2012

	TJJD Funding	Local Funding	Total
Salary related expenses	\$ -	\$ 548,435	\$ 548,435
Student related expenses	-	-	-
Facility expenses	-	23,806	23,806
 Total Operating Expenditures	 \$ -	 \$ 572,241	 \$ 572,241

4. FEDERAL FINANCIAL ASSISTANCE

The Texas Juvenile Justice Department administers, along with the Texas Department of Family and Protective Services, the Title IV-E Program (CFDA 93.658). TJJD disburses funds to Grayson County Juvenile Probation Department on a cost reimbursement basis. The Department did not receive any Title IV-E funds during fiscal year 2012.

5. FINANCIAL MATCH REQUIREMENTS

To receive Texas Juvenile 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, 2012 is required and presented below:

<u>Local Funding Expended (less construction and capital outlay)</u>	
FY 2012	\$ 1,042,535
FY 2006	816,186

The Juvenile Probation Department certified the financial match requirements were fulfilled in FY 2012.

COMPLIANCE SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



**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**

Grayson County Juvenile Probation Department
Grayson County, Texas

We have audited the combined financial statements of the Grayson County Juvenile Probation Department Texas Juvenile Justice Department Grant Funds for the year ended August 31, 2012, and have issued our report thereon dated February 23, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grayson County Juvenile Probation Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; and, general financial assurances, 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. Compliance with laws, regulations, contracts, grants, and requirements of the Texas Juvenile Justice Department Audit Requirements is the responsibility of the management of the Department. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management, 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.

February 25, 2013

**GRAYSON COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2012

There were no findings or questioned costs in the current year.

**GRAYSON COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS**

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2012

There were no findings or questioned costs in the prior year.