

**COKE COUNTY DISTRICT
TEXAS JUVENILE JUSTICE
DEPARTMENT GRANT FUNDS**

FINANCIAL AND COMPLIANCE AUDIT REPORTS

**FOR THE YEAR ENDED
AUGUST 31, 2017**

**GRANT TJJJ-A-17-041
GRANT TJJJ-R-17-041**

THIS PAGE LEFT BLANK INTENTIONALLY

**COKE COUNTY DISTRICT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS**

TABLE OF CONTENTS

	<u>Page Number</u>
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 – 7
 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 <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



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

INDEPENDENT AUDITORS' REPORT

Members of the Board
Coke County Juvenile Board
Coke County, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Texas Juvenile Justice Department Grant Funds of Coke County Juvenile Probation Department (Department), which comprise the statement of revenues, expenditures and changes in fund balances – budget and actual – regulatory basis for the year ended August 31, 2017, 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 fraud or error.

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.

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, 2017, 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 the County 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 26, 2018, on our consideration of the Department's 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 the Department's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of management, Coke County, others within Coke 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 26, 2018

THIS PAGE LEFT BLANK INTENTIONALLY

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

**COKE COUNTY DISTRICT
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, 2017

	A-17-041		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
TJJD grant funds	\$ 200,694	\$ 200,694	\$ -
Total Revenue	200,694	200,694	-
EXPENDITURES			
Basic Probation Services	99,704	99,704	-
Community Programs	46,897	46,897	-
Pre Post Adjudications	17,627	17,627	-
Commitment Diversion	17,659	17,659	-
Mental Health Services	18,807	18,807	-
Total Expenditures	200,694	200,694	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this financial statement.

THIS PAGE LEFT BLANK INTENTIONALLY

**COKE COUNTY DISTRICT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

The Texas Juvenile Justice Department Grant Funds of Coke County District (the “Funds”) were established to account for juvenile probation services funded by the Texas Juvenile Justice Department (TJJJ) in the Coke County District. The counties included with Coke County District are Coke, Runnels, Sterling, Schleicher, Irion, and Concho.

The Funds provide separate accountability, as required under the State Financial Assistance Contract, by TJJJ. 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 TJJJ, 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 2017	Interest Earned Title IV-E Funds Fiscal Year 2017	Total Interest
Beginning balance, September 1, 2016	\$ 11,238	\$ 8,092	\$ 19,330
Interest earned on funds received from TJJD in the period of September 1, 2016 - August 31, 2017	<u>398</u>	<u>514</u>	<u>912</u>
Total interest at August 31, 2017	11,636	8,606	20,242
Minus interest expenditures in fiscal year 2017	<u>(742)</u>	<u>-</u>	<u>(742)</u>
Ending balance, August 31, 2017	<u>\$ 10,894</u>	<u>\$ 8,606</u>	<u>\$ 19,500</u>

3. OPERATING COSTS FOR A SECURE JUVENILE FACILITY

Coke County Juvenile District does not operate a secure juvenile facility.

4. FEDERAL FINANCIAL ASSISTANCE

The Texas Juvenile Justice Department administers along with the Texas Department of Family Protective Services, the Title IV-E Program (CFDA 93.658). TJJD disburses funds to Coke County on a cost reimbursement basis. A confirmation of revenue receipted in the year ending August 31, 2017 is required and presented below. This includes receipts for direct and enhanced administrative foster care claims.

Program #	Amount
E-17-041	\$ 798

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, 2017 is required and presented below.

	Expended (less construction)
FY 2017	\$ 33,512
FY 2006	20,629

The Juvenile Probation Department certified the financial match requirements were fulfilled in FY 2017.

6. STATE FINANCIAL ASSISTANCE

The Texas Juvenile Justice Department provided the County the following funds for the Grant R - Regional Diversion Alternatives (RDA) Program Reimbursement Grant funds. A confirmation of revenue received in the year ending August 31, 2017 is required and presented below. The county reported spending \$6945 of the total award prior to the November 30, 2017 deadline as established in Grant R.

<u>Contract Number</u>	<u>Amount Received (Cash Basis) August 31, 2017</u>
R-17-041	\$ 6,945

THIS PAGE LEFT BLANK INTENTIONALLY

COMPLIANCE SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



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

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

Members of the Board
Coke County Juvenile Board
Coke 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 Coke County Juvenile Probation Department, and have issued our report thereon dated February 26, 2018.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coke 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as 2016-1 that we consider to be a significant deficiency.

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 26, 2018

**COKE COUNTY DISTRICT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2017

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

**COKE COUNTY DISTRICT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS**

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

YEAR ENDED AUGUST 31, 2017

Finding No. 2016-1

Affected Grant:	All Grants are affected by the local expenditures requirement.
Condition:	Coke County did not certify that the amount of local or county funds expended for juvenile services was at least equal to or greater than the amount spent in the 2006 county fiscal year excluding construction and capital outlay expenses.
Recommendation:	When possible Coke County should expend local funds first to ensure the 2006 benchmark is met. After the benchmark is met the state funds can be expended, and any leftover funds will be refunded to the state.
Current Status:	The Coke County Juvenile Probation Department requested a waiver of the 2016-2017 Biennium contract for the fiscal year ended August 31, 2016. The request has since been approved and the requirement to spend local funds in excess of the 2006 benchmark has been waived for the 2016-2017 Biennium Contract.
Questioned Costs:	None
Current Status:	This matter has been resolved.