

**COLLIN COUNTY, TEXAS**

**SINGLE AUDIT REPORT**

**YEAR ENDED  
SEPTEMBER 30, 2012**



# COLLIN COUNTY, TEXAS

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SEPTEMBER 30, 2012

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**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 Honorable County Judge  
and Commissioners' Court  
Collin County, Texas

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Collin County, Texas (the "County") as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 31, 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**

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County'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 misstatements on a timely basis. *A material weakness* is a deficiency, or 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 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 to be required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the County, and appropriate federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

March 31, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS**

To the Honorable County Judge  
and Commissioners' Court  
Collin County, Texas

**Compliance**

We have audited the compliance of Collin County, Texas, (the "County") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal and state programs for the year ended September 30, 2012. The County's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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; Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and the *State of Texas Uniform Grant Management Standards* ("UGMS"). Those standards, and OMB Circular A-133 and UGMS, 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 or state 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the 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, 2012.

## **Internal Control Over Compliance**

The management of Collin County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and UGMS, 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 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 control 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Collin County, Texas, as of and for the year ended September 30, 2012, and have issued our report thereon dated March 31, 2013, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The Schedule of Expenditures of Federal and State Awards is presented for the purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the *State of Texas Uniform Grant Management Standards* and is 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 is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of Collin County, Texas's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on Collin County, Texas's compliance but not to provide an opinion on the effectiveness of Collin County, Texas's internal control over compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in Collin County, Texas's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

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

March 31, 2013

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**COLLIN COUNTY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2012**

| Federal Grantor/Pass-through<br>Grantor/Program Title                                    | Federal<br>CFDA<br>Number | Grantor's<br>Pass-through<br>Number | Federal<br>Expenditures |
|------------------------------------------------------------------------------------------|---------------------------|-------------------------------------|-------------------------|
| <b>FEDERAL AWARDS</b>                                                                    |                           |                                     |                         |
| <b><u>U. S. Department of Agriculture</u></b>                                            |                           |                                     |                         |
| Passed through the Texas Department of State Health Services:                            |                           |                                     |                         |
| Women, Infants and Children                                                              | 10.557                    | 2012-039940                         | \$ 1,373,827            |
| Total Passed through the Texas Department of Health Services                             |                           |                                     | <u>1,373,827</u>        |
| Passed through Texas Secretary of State                                                  |                           |                                     |                         |
| Help America Vote Act                                                                    | 39.011                    | 78518                               | 347,274                 |
| Total Passed through the Texas Secretary of State                                        |                           |                                     | <u>347,274</u>          |
| Total U. S. Department of Agriculture                                                    |                           |                                     | <u>1,721,101</u>        |
| <b><u>U. S. Department of Transportation: National Traffic Safety Administration</u></b> |                           |                                     |                         |
| Passed through the Texas Department of Transportation:                                   |                           |                                     |                         |
| Enforcing Underage Drinking Laws Program                                                 | 16.727                    | 80011                               | 7,974                   |
| Total Passed through the Texas Department of Transportation                              |                           |                                     | <u>7,974</u>            |
| Total U. S. Department of Transportation: National Traffic Safety Administration         |                           |                                     | <u>7,974</u>            |
| <b><u>U. S. Department of Justice</u></b>                                                |                           |                                     |                         |
| Passed through the Bureau of Justice Assistance:                                         |                           |                                     |                         |
| Bulletproof Vest Partnership Program                                                     | 16.607                    | 2011-2012                           | 7,184                   |
| Total Passed through the Bureau of Justice Assistance                                    |                           |                                     | <u>7,184</u>            |
| Passed through the City of Plano:                                                        |                           |                                     |                         |
| Justice Assistance Grant 2009                                                            | 16.738                    | 2009-DJ-BX-0586                     | 35,678                  |
| FY 09 Recovery Act JAG Program                                                           | 16.738                    | 2009-SB-B9-1417                     | 75,679                  |
| Total Passed through the City of Plano                                                   |                           |                                     | <u>111,357</u>          |
| Total U. S. Department of Justice                                                        |                           |                                     | <u>118,541</u>          |
| <b><u>U. S. Department of Energy</u></b>                                                 |                           |                                     |                         |
| SECO Stimulus Grant                                                                      | 81.128                    | DE-EE0000893                        | 82,512                  |
| Total U. S. Department of Energy                                                         |                           |                                     | <u>82,512</u>           |
| <b><u>U. S. Center for Disease Control</u></b>                                           |                           |                                     |                         |
| Passed through Department of State Health Services:                                      |                           |                                     |                         |
| Tuberculosis 2012                                                                        | 93.116                    | 2012-039047                         | 181,448                 |
| Tuberculosis 2013                                                                        | 93.116                    | 2013-041110-001                     | 15,074                  |
| Tuberculosis Federal 2011                                                                | 93.116                    | 2011-037476                         | 24,986                  |
| Tuberculosis Federal 2012                                                                | 93.116                    | 2012-040161                         | 90,026                  |
| Tuberculosis Federal 2013                                                                | 93.116                    | 2013-041110-003                     | 11,605                  |
| Immunization Outreach 2012                                                               | 93.268                    | 2012-039108                         | 285,714                 |
| Immunization Outreach 2013                                                               | 93.268                    | 2013-041110-004                     | 54,158                  |
| Preventive Health and Health Services Block Grant                                        | 93.991                    | 2012-039439                         | 13,347                  |
| Preventive Health and Health Services Block Grant                                        | 93.991                    | 2013-041110-006                     | 7,445                   |
| Total Passed through Department of State Health Services                                 |                           |                                     | <u>683,803</u>          |
| Total U. S. Center for Disease Control                                                   |                           |                                     | <u>683,803</u>          |

(continued)

# COLLIN COUNTY, TEXAS

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

(Continued)

YEAR ENDED SEPTEMBER 30, 2012

| Federal Grantor/Pass-through<br>Grantor/Program Title                          | Federal<br>CFDA<br>Number | Grantor's<br>Pass-through<br>Number | Federal<br>Expenditures |
|--------------------------------------------------------------------------------|---------------------------|-------------------------------------|-------------------------|
| <b><u>U. S. Department of Health and Human Services</u></b>                    |                           |                                     |                         |
| Passed through U. S. Department of Health<br>and Human Services:               |                           |                                     |                         |
| Public Health Emergency Response FY 11                                         | 93.069                    | 2012-040266                         | \$ 25,366               |
| Bioterrorism FY 12                                                             | 93.283                    | 2011-038807                         | 482,108                 |
| Bioterrorism FY 13                                                             | 93.283                    | 2013-041110-005                     | 45,913                  |
| City Readiness Initiative 12                                                   | 93.283                    | 2011-038526                         | 91,934                  |
| City Readiness Initiative 13                                                   | 93.283                    | 2013-041110-003                     | <u>4,314</u>            |
| Total Passed through U. S. Department of<br>Health and Human Services          |                           |                                     | <u>649,635</u>          |
| Passed through Texas Department of Protective and<br>Regulatory Services:      |                           |                                     |                         |
| Title IV-E Foster Care (CPS) 2011                                              | 93.658                    | TJPC-E-043-11                       | 3,316                   |
| Title IV-E Foster Care - Legal                                                 | 93.658                    | 2003033314                          | <u>36,790</u>           |
| Total Passed through Texas Department<br>of Protective and Regulatory Services |                           |                                     | <u>40,106</u>           |
| Total U. S. Department of Health and Human Services                            |                           |                                     | <u>689,741</u>          |
| <b><u>U. S. Department of Homeland Security</u></b>                            |                           |                                     |                         |
| Passed through GDEM:                                                           |                           |                                     |                         |
| EMPG 2012                                                                      | 97.042                    | 12TX-EMPG-0082                      | 37,950                  |
| State Homeland Security Program 2009                                           | 97.067                    | 2009-SS-T9-0064                     | 69,589                  |
| Urban Area Security Initiative 2010                                            | 97.008                    | 2010-SS-T0-0008                     | 30,700                  |
| Urban Area Security Initiative 2011                                            | 97.008                    | EMW-2011-SS-00019                   | 75,388                  |
| Urban Area Security Initiative 2009                                            | 97.067                    | 2009-SS-T9-0064                     | <u>179,594</u>          |
| Total Passed through GDEM                                                      |                           |                                     | <u>393,221</u>          |
| Total U. S. Department of Homeland Security                                    |                           |                                     | <u>393,221</u>          |
| Total Federal Awards                                                           |                           |                                     | <u>\$ 3,696,893</u>     |

(continued)

# COLLIN COUNTY, TEXAS

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued) YEAR ENDED SEPTEMBER 30, 2012

| Federal Grantor/Pass-through<br>Grantor/Program Title               | Grantor's<br>Pass-through<br>Number | Federal<br>Expenditures |
|---------------------------------------------------------------------|-------------------------------------|-------------------------|
| <b>STATE AWARDS</b>                                                 |                                     |                         |
| <b><u>Texas Task Force on Indigent Defense</u></b>                  |                                     |                         |
| Indigent Defense Formula Grant                                      | 212-12-043                          | \$ 405,826              |
| Total Texas Task Force on Indigent Defense                          |                                     | <u>405,826</u>          |
| <b><u>State Comptroller of Public Accounts</u></b>                  |                                     |                         |
| Chapter 19 Election                                                 | N/A                                 | <u>113,655</u>          |
| Total State Comptroller of Public Accounts                          |                                     | <u>113,655</u>          |
| <b><u>Office of the Attorney General</u></b>                        |                                     |                         |
| Texas VINE Program                                                  | 1336528                             | <u>30,710</u>           |
| Total Office of the Attorney General                                |                                     | <u>30,710</u>           |
| <b><u>Texas Commission on Environmental Quality</u></b>             |                                     |                         |
| Passed through North Central Texas Council of Governments           |                                     |                         |
| Solid Waste Implementation Project                                  | 10-04-G21                           |                         |
| Air Check Texas                                                     | 582-12-20275                        | <u>348,677</u>          |
| Total Passed through North Central Texas Council of Governments     |                                     | <u>348,677</u>          |
| Total Texas Commission on Environmental Quality                     |                                     | <u>348,677</u>          |
| <b><u>Texas Department of Transportation</u></b>                    |                                     |                         |
| DWI No-Refusal Mandatory Blood Draw Program                         | 2010-CollinDA-G-MYG-Yr1-0104(3)     | 32,955                  |
| RTR-Outer Loop                                                      | 0918-24-169                         | <u>3,475,206</u>        |
| Total Texas Department of Transportation                            |                                     | <u>3,508,161</u>        |
| <b><u>North Texas HIDTA</u></b>                                     |                                     |                         |
| NTHIDTA/OCDETF                                                      | n/a                                 | <u>15,612</u>           |
| Total North Texas HIDTA                                             |                                     | <u>15,612</u>           |
| <b><u>Texas Automobile Burglary and Theft Protection Agency</u></b> |                                     |                         |
| NTATTF                                                              | SA-T01-10047-12                     | <u>60,773</u>           |
| Total Texas Automobile Burglary and Theft Protection Agency         |                                     | <u>60,773</u>           |
| Total State Awards                                                  |                                     | <u>4,483,414</u>        |
| Total Expenditures of Federal and State Awards                      |                                     | <u>\$ 8,180,307</u>     |

# **COLLIN COUNTY, TEXAS**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**SEPTEMBER 30, 2012**

### **1. GENERAL**

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all applicable federal and state awards programs of Collin County, Texas. The County's reporting entity is defined in Note 1 of the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule of Expenditures of Federal and State Awards.

### **2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 of the basic financial statements.

**COLLIN COUNTY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**Summary of Auditors' Results**

Financial Statements:

|                                                       |               |
|-------------------------------------------------------|---------------|
| Type of auditors' report issued                       | Unqualified   |
| Internal control over financial reporting:            |               |
| Material weakness(es) identified?                     | None reported |
| Significant deficiency(ies) identified?               | None reported |
| Noncompliance material to financial statements noted? | None          |

Federal Awards:

|                                                                  |               |
|------------------------------------------------------------------|---------------|
| Internal control over major programs:                            |               |
| Material weakness(es) identified?                                | No            |
| Significant deficiency(ies) identified?                          | None reported |
| Type of auditors' report issued on compliance for major programs | Unqualified   |

|                                                                                                                        |      |
|------------------------------------------------------------------------------------------------------------------------|------|
| Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | None |
|------------------------------------------------------------------------------------------------------------------------|------|

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster:             |
|----------------|-------------------------------------------------|
| #10.557        | Women, Infants and Children                     |
| #93.283        | U. S. Center for Disease Control - Tuberculosis |
| #39.011        | U. S. Department of Agriculture - HAVA          |
| State          | Regional Toll Revenue - Outer Loop and Wylie    |
| State          | Indigent Defense                                |
| State          | Air Check Texas                                 |

|                                                                                 |           |
|---------------------------------------------------------------------------------|-----------|
| Dollar threshold used to distinguish between type A and type B federal programs | \$300,000 |
|---------------------------------------------------------------------------------|-----------|

|                                                                               |           |
|-------------------------------------------------------------------------------|-----------|
| Dollar threshold used to distinguish between type A and type B state programs | \$300,000 |
|-------------------------------------------------------------------------------|-----------|

|                                        |    |
|----------------------------------------|----|
| Auditee qualified as low-risk auditee? | No |
|----------------------------------------|----|

**Findings and Questioned Costs Related to Federal and State Awards**

None

**Findings Related to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards**

None noted.

## COLLIN COUNTY, TEXAS

### SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2012

#### **Findings Related to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards**

##### **Item 2011-01:**

Condition: While reviewing bank reconciliations, we noted that several agency fund reconciliations were not accurately completed and did not agree to the account balances on the general ledger.

Effect: By not preparing bank reconciliations correctly, the County may not have an accurate picture of its cash balances at the end of each month. Also, a bank reconciliation that does not agree to the general ledger may indicate that funds are being misappropriated.

Cause: The primary cause of this condition is poorly designed procedures. Department heads complete bank reconciliations and some of them may not have adequate training on how to reconcile bank balances to general ledger balances. Also, their work is not normally reviewed by the Internal Audit Department.

Recommendation: We recommend bank reconciliations be initially prepared by an employee lower than the department head and then reviewed by the department head for accuracy. Employees charged with preparing bank reconciliations should be properly trained and should prepare the reconciliation as soon after the end of each month as possible. Also, the Internal Audit Department should review bank reconciliations on a sample basis and review all bank reconciliations at fiscal year-end.

Management's Response: This issue was caused in part by an issue with our new court computer system as well as training issues and changes in management. There was no misappropriation of funds. Procedures that will prevent this from reoccurring have been implemented. This had no impact on grant funds or funds controlled by the Treasury but only misstated some bank account balances in the general ledger for accounts controlled by other County officials.

Contact Person Responsible  
for Corrective Action:

Jeff May

Anticipated Completion  
Date:

Immediately

Current Status:

This matter has been resolved.