

**FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE PROBATION
COMMISSION FUNDED PROGRAMS**

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

August 31, 2009



**3411 Richmond Avenue, Suite 500
Houston, Texas 77046
(713) 621-1515
2277 Plaza Drive, Suite 260
Sugarland, Texas 77479
(281) 242-8600**

**FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE PROBATION
COMMISSION FUNDED PROGRAMS
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1
 Financial Statements	
Statement of Revenues, Expenditures, and Changes in Fund Balances (Regulatory Basis) - Budget and Actual	5
Notes to Regulatory Basis Financial Statement	12
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters	18
 Schedule of Findings and Questioned Costs	 20

Independent Auditors' Report

Honorable Robert Hebert, Chairman
Fort Bend County Juvenile Board
Fort Bend County, Texas

We have audited the Statements of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual - Regulatory Basis for the year ended August 31, 2009, of the Fort Bend County Juvenile Probation Department, Texas Juvenile Probation Commission Grant Funds (TJPC Programs). These statements are the responsibility of the management of the Fort Bend Juvenile Probation Department (Department). 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 opinion.

As discussed in Note 1, these financial statements were prepared on the same basis of accounting used for reporting to the Texas Juvenile Probation Commission, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations of the Department's Texas Juvenile Probation Commission Grant Funds for the year ended August 31, 2009 in conformity with the basis of accounting as described in Note 1.

Honorable Robert Hebert, Chairman
Fort Bend County Juvenile Board
Fort Bend County, Texas
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2010 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions or 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 the use of management of the Fort Bend County Juvenile Board and for filing with the Texas Juvenile Probation Commission and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Null Laism, P.C." The signature is written in a cursive, flowing style.

Houston, Texas
February 26, 2010

**Financial Statements
(Regulatory Basis)**

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**FORT BEND COUNTY
 JUVENILE PROBATION DEPARTMENT
 TEXAS JUVENILE PROBATION COMMISSION
 GRANT FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES BY CONTRACT -
 BUDGET AND ACTUAL (REGULATORY BASIS)**

Year Ended August 31, 2009

	State Aid Agreement Program A-2009-079		
Revenues	Budget	Actual	Variance
State aid	\$ 306,965	\$ 306,965	\$
Interest			
Total Revenues	306,965	306,965	
Expenditures			
Salaries and fringe benefits	278,077	301,846	(23,769)
Operating	28,888	5,119	23,769
Non-residential services			
Residential services			
Total Expenditures	306,965	306,965	
Revenues in Excess of Expenditures			
Fund balance, September 1, 2008			
Fund balance, August 31, 2009	\$	\$	\$

Progressive Sanctions JPO Program F-2009-079			Progressive Sanctions 123 Program G-2009-079		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 193,596	\$ 193,596	\$	\$ 69,017	\$ 69,017	\$
193,596	193,596		69,017	69,017	
193,596	193,596		69,017	69,017	
193,596	193,596		69,017	69,017	
\$	\$	\$	\$	\$	\$

**FORT BEND COUNTY
 JUVENILE PROBATION DEPARTMENT
 TEXAS JUVENILE PROBATION COMMISSION
 GRANT FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES BY CONTRACT -
 BUDGET AND ACTUAL (REGULATORY BASIS)**

Year Ended August 31, 2009

	Diversionsary H Program H-2009-079		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
State aid	\$ 673,500	\$ 673,494	\$ (6)
Interest			
Total Revenues	<u>673,500</u>	<u>673,494</u>	
Expenditures			
Salaries and fringe benefits			
Operating			
Non-residential services			
Residential services	<u>673,500</u>	<u>673,494</u>	<u>6</u>
Total Expenditures	<u>673,500</u>	<u>673,494</u>	<u>6</u>
Revenues in Excess of Expenditures			
Fund balance, September 1, 2008			
Fund balance, August 31, 2009	<u>\$</u>	<u>\$</u>	<u>\$</u>

Additional Information:

**Refunds paid to Commission Subsequent
 to 8/31/09**

10/20/2009

\$ 6

**Special Needs Diversionary
Program M-2009-079**

<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 54,413	\$ 54,413	\$
54,413	54,413	
54,413	54,413	
54,413	54,413	
\$	\$	\$

**Progressive Sanctions ISP
Program O-2009-079**

<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 53,742	\$ 53,742	\$
53,742	53,742	
53,742	53,742	
53,742	53,742	
\$	\$	\$

**FORT BEND COUNTY
 JUVENILE PROBATION DEPARTMENT
 TEXAS JUVENILE PROBATION COMMISSION
 GRANT FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES BY CONTRACT -
 BUDGET AND ACTUAL (REGULATORY BASIS)**

Year Ended August 31, 2009

	JJAEP Program P-2009-079		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
State aid	\$	\$ 208,876	\$
Interest			
Total Revenues		<u>208,876</u>	
Expenditures			
Salaries and fringe benefits			
Operating			
Non-residential services		208,876	
Residential services			
Total Expenditures		<u>208,876</u>	
Revenues in Excess of Expenditures			
Fund balance, September 1, 2008			
Fund balance, August 31, 2009	<u>\$</u>	<u>\$</u>	<u>\$</u>

Additional Information:

**Refunds paid to Commission Subsequent
 to 8/31/09
 10/20/2009**

**ICBP Regional
Program X-2009-079**

Budget	Actual	Variance
\$ 118,671	\$ 118,671	\$
118,671	118,671	
113,301	113,301	
5,370	5,370	
118,671	118,671	
<u>\$</u>	<u>\$</u>	<u>\$</u>

**Community Corrections Assistance
Program Y-2009-079**

Budget	Actual	Variance
\$ 567,179	\$ 567,179	\$
567,179	567,179	
512,268	490,805	21,463
4,911	27,676	(22,765)
50,000	48,698	1,302
567,179	567,179	
<u>\$</u>	<u>\$</u>	<u>\$</u>

\$ 4,323

**FORT BEND COUNTY
 JUVENILE PROBATION DEPARTMENT
 TEXAS JUVENILE PROBATION COMMISSION
 GRANT FUNDS**

**STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES BY CONTRACT -
 BUDGET AND ACTUAL (REGULATORY BASIS)**

Year Ended August 31, 2009

	Salary Adjustment Program Z-2009-079			Interest
	Budget	Actual	Variance	Actual
Revenues				
State aid	\$ 171,000	\$ 171,000	\$	\$
Interest				14,638
Total Revenues	<u>171,000</u>	<u>171,000</u>		<u>14,638</u>
Expenditures				
Salaries and fringe benefits	171,000	171,000		14,638
Operating				
Non-residential services				
Residential services				
Total Expenditures	<u>171,000</u>	<u>171,000</u>		<u>14,638</u>
Revenues in Excess of Expenditures				
Fund balance, September 1, 2008				
Fund balance, August 31, 2009	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE PROBATION COMMISSION
FUNDED PROGRAMS
NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The accompanying financial statements include only the Texas Juvenile Probation Commission Funded Programs ("TJPC Programs") administered by the Fort Bend County Juvenile Probation Department ("the Department"), providing separate accountability as required under the State Financial Assistance Contract, by the TJPC. Separate funds are used to account for each, matching funds and all related expenditures incurred. All other activities of the Department and of Fort Bend County, Texas ("the County"), the primary government of which the Department is a part, have been excluded from these financial statements. Therefore, these financial statements are 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. The County includes the TJPC Program funds as unbudgeted special revenue funds in its Comprehensive Annual Financial Report.

B. Basis of Presentation and Accounting

The financial statements were prepared in conformity with the accounting practices prescribed by the Commission, 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.

C. Budgets

Fiscal period budgets for each TJPC Program are approved by the Commission through annual contracts with the Department. These fiscal period budgets are monitored and funded by the Commission as the Department prepares and submits individual TJPC Program quarterly expenditure reports during the year. The budget comparisons included in the accompanying combined financial statements are the TJPC Program budgets approved by the Commission for the fiscal period presented. The County does not approve a local budget for the TJPC Programs.

FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE PROBATION COMMISSION
FUNDED PROGRAMS
NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS

Note 2 - Cash and Cash Equivalents

The TJPC Programs' cash and cash equivalents are managed by the County, as part of the County's overall cash management program. The carrying value, which approximates fair value, of the TJPC Programs' cash and cash equivalents at year-end is \$1,910,236.

State statutes authorize the County to invest in fully collateralized or insured time deposits, direct debt securities of the United States, and fully collateralized repurchase agreements. The repurchase agreements must be purchased pursuant to a master repurchase agreement which specifies the rights and obligations of both parties and which requires that the securities involved in the transaction be held in a safekeeping account subject to the control and custody of the County. Investments in security repurchase agreements may be made only with the County's depository bank or with state or national banks domiciled in the State of Texas. The County did not invest in any repurchase agreements during the fiscal year ended August 31, 2009.

Note 3 - Reconciliation of Accrued Interest

The following is presented in accordance with Chapter 341 of the Texas Administrative Code Section 6(f) relating to the *Investment of Idle Funds Requirements* which states that interest accrued on funds received from TJPC shall be considered generated income and shall be reported to the Commission as such. The reconciliation of accrued interest earned on funds received from the Commission is as follows:

	Interest Earned TJPC Funds FY 2009	Interest Earned Title IV-E FY 2009	Totals
Accrued Interest:			
Beginning balance, Sept 1, 2008	\$	\$	\$
Interest accrued on funds received from TJPC in the period Sept. 1, 2008- August 2009	14,493	145	14,638
Total Accrued Interest at Aug. 31, 2009	14,493	145	14,638
Minus expenditures in FY 2009	(14,493)	(145)	(14,638)
Ending Balance, Aug. 31, 2009	\$	\$	\$

FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE PROBATION COMMISSION
FUNDED PROGRAMS
NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS

Note 4 - Federal Financial Assistance

The Texas Juvenile Probation Commission administers along with the Texas Department of Family and Protective Services, the Title IV-E Foster Care Program (CFDA 93.658). The Commission disburses funds to Fort Bend County on a cost reimbursement basis. A confirmation of revenue received in the year ending August 31, 2009 is required and presented below. This includes receipts for direct and enhanced administrative foster care claims.

Title IV-E Federal receipts Contract Number	(Cash Basis) August 31,2009
TJPC-E-2008-079	\$ 9,489
TJPC-E-2009-079	
Total	<u>\$ 9,489</u>

Note 5 - State Financial Assistance

The Commission administers the Juvenile Justice Alternative Education Program (JJAEP) and disburses an allotted share of funds to Fort Bend County Juvenile Probation Department. The amount received is based on the number of actual regular mandated students' attendance days at a rate of \$79 per eligible student. A confirmation of revenue received on a cash basis for the year ending August 31, 2009 is presented below.

JJAEP Program-State receipts Contract Number	(Cash Basis) August 31,2009
JJAEP-P-2008-079	\$ 7,663
JJAEP-P-2009-079	208,876
Total	<u>\$ 216,539</u>

Note 6 - Risk Management

The Governmental Accounting Standards Board (GASB) issued Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which establishes standard accounting and financial reporting practices for public entity risk pools and governmental entities. In accordance with GASB Statement No. 10, we make the following disclosures.

The Department is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions, personal injuries; and natural disasters. The risk of loss is covered by Fort Bend County under the County's risk management plan. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE PROBATION COMMISSION
FUNDED PROGRAMS
NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS

Note 7 - Progressive Sanctions Officers

The following shows funding awarded to Fort Bend County for the Progressive Sanctions Officers, in fiscal years 1996-1999, expenditures and any unexpended balance. Total positions by award are listed within the State Financial Assistance Contract under 4.1.1.4 for (Grant “F”)-Progressive Sanctions JPO and 4.1.1.7 for (Grant “O”) Progressive Sanctions ISJPO. Funds that become available during the term of the State Financial Assistance Contract due to vacant Progressive Sanctions positions shall be returned to the Commission at the end of the State Financial Assistance Contract term.

<u>Contract</u>	<u>Awarded Funding</u>	<u>Expenditures</u>	<u>Unexpended Balance</u>
Grant F-FY2009			
Progressive Sanctions JPO			
A. Basic PSO FY 98-99 \$27,567	\$ 82,701	\$ 82,701	\$
B. Basic PSO FY 96-97 \$22,179	110,895	110,895	
Grant O-FY2009			
Progressive Sanctions ISJPO			
A. ISP PSO 98-99 \$27,240	27,240	27,240	
B. ISP PSO 96-97 \$26,502	26,502	26,502	
Total	\$ 247,338	\$ 247,338	\$

Note 8 - Salary Adjustment

Funding for the Salary Adjustment, Z-FY2009 is clearly restricted. Assurance testing is based on the following grant assurance:

Financial Assurances

The grant funds made available for salary adjustments under Article IV of this grant were used only to provide salary adjustments not exceeding \$3,000 for eligible full-time certified juvenile probation officers and \$1,500 for eligible full-time certified juvenile detention officers including fringe benefits. All funds not used for this purpose were returned to the Commission in accordance with the Unexpended Balances and Refunds Due provision of the General Grant requirements.

Total Population:

42 Certified Juvenile Probation Officers
36 Detention and Correction Officers

Sample Size:

15 Certified Juvenile Probation Officers
15 Detention and Correction Officers

All positions tested for compliance were correctly certified and paid.

FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE PROBATION COMMISSION
FUNDED PROGRAMS
NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS

Note 9 - Operating Costs for a Secure Juvenile Facility

The Department operates a secure pre-adjudication facility. The schedule of expenditures for each facility is as follows:

Operating Costs
Fort Bend County Pre Adjudication Juvenile Facility
Ending August 31, 2009

	Commission Funding*	Local Funding	Total
Salary Related Expenses	\$ 64,544	\$ 3,691,474	\$ 3,756,018
Student Related Expenses		111,136	111,136
Facility Expenses		244,650	244,650
Capital Expenditures		41,427	41,427
Total Operating Expenditures	<u>\$ 64,544</u>	<u>\$ 4,088,688</u>	<u>\$ 4,153,232</u>

* Commission Funding is provided from Grant Z.

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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 Governmental Auditing Standards**

Honorable Robert Hebert, Chairman
Fort Bend County Juvenile Board
Fort Bend County, Texas

We have audited the Statements of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual - Regulatory Basis of the Fort Bend County Juvenile Probation Department Texas Juvenile Probation Commission Grant Funds for the year ended August 31, 2009, and have issued our report thereon dated February 26, 2010. 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 Fort Bend 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 control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies that result in more than a remote likelihood that a material misstatement of financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Fort Bend County Juvenile Probation Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants agreements; and general financial, progressive sanctions, salary adjustment, and JJAEP assurances, noncompliance with which could have direct and material effect on the determination of the financial statements 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.

Honorable Robert Hebert, Chairman
Fort Bend County Juvenile Board
Fort Bend County, Texas
Page 2

Compliance with laws, regulations, contracts, grants and requirements of the Texas Juvenile Probation Commission Audit Requirements is the responsibility of management of the Department. The results of our tests disclosed no instances of noncompliance or other matters that required to be reported under Governmental Auditing Standards.

This report is intended solely for the information of management and the Texas Juvenile Probation Commission and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Null Laison, P.C." The signature is written in a cursive, flowing style.

Houston, Texas
February 26, 2010

FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE PROBATION COMMISSION
FUNDED PROGRAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended August 31, 2009

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

FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE PROBATION COMMISSION
FUNDED PROGRAMS
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the year ended August 31, 2009

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