

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

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

August 31, 2019

FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
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INDEPENDENT AUDITORS' REPORT

Fort Bend County Juvenile Board
and Kyle Dobbs, Chief Juvenile Probation Officer
Fort Bend County Juvenile Probation Department
Fort Bend County, Texas

We have audited the accompanying financial statements of the Texas Juvenile Justice Department Grant Funds of Fort Bend County Juvenile Probation Department (Department), which comprise the statements of revenues, expenditures and changes in fund balances – budget and actual – regulatory basis, as of and for the year ended August 31, 2019, 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.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 opinions.

Fort Bend County Juvenile Board
and Kyle Dobbs, Chief Juvenile Probation Officer
Fort Bend County Juvenile Probation Department
Fort Bend County, Texas

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the revenue earned expenditures incurred compared to budgeted revenues and expenditures of the Department's Texas Juvenile Justice Department Grant Funds for the year ended August 31, 2019, 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 provisions 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 statements present the operations of the Department's Texas Juvenile Justice Department Grant Funds only and are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of 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* in considering the Department's internal control over financial reporting and compliance.

Restriction of Use

This report is intended solely for the information and use of the management of Fort Bend County, others within the 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.


Houston, Texas
December 20, 2019

**Financial Statements
(Regulatory Basis)**

FORT BEND COUNTY, TEXAS
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (REGULATORY BASIS)
For the Year Ended August 31, 2019

	State Aid Agreement		
	Grant A-2019-079		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
TJJJ Funds	\$ 2,387,579	\$ 2,387,579	\$
Total Revenues	<u>2,387,579</u>	<u>2,387,579</u>	
Expenditures			
Basic Probation Services	614,632	614,632	
Community Programs	1,014,605	1,014,605	
Pre Post Adjudications	458,393	458,393	
Commitment Division	204,060	204,060	
Mental Health Services	95,889	95,889	
Total Expenditures	<u>2,387,579</u>	<u>2,387,579</u>	
Excess Revenues over Expenditures			
Fund balance, September 1, 2018			
Fund balance, August 31, 2019	<u>\$</u>	<u>\$</u>	<u>\$</u>

**Special Needs Diversionary
Grant M-2019-079**

**Prevention and Intervention Project
Grant S-2019-079**

<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 54,413	\$ 54,413	\$	\$ 61,688	\$ 61,688	\$
54,413	54,413		61,688	61,688	
54,413	54,413		61,688	61,688	
54,413	54,413		61,688	61,688	
\$	\$	\$	\$	\$	\$

FORT BEND COUNTY, TEXAS
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (REGULATORY BASIS)
For the Year Ended August 31, 2019

	TJJJ Regional Diversion Program		
	Grant R-2019-079 (Allocations)		
Revenues	Budget	Actual	Variance
TJJJ Funds	\$ 28,365	\$ 28,365	\$
Total Revenues	28,365	28,365	
Expenditures			
Basic Probation Services			
Community Programs	28,365	28,365	
Pre Post Adjudications			
Commitment Division			
Mental Health Services			
Total Expenditures	28,365	28,365	
Excess Revenues over Expenditures			
Fund balance, September 1, 2018			
Fund balance, August 31, 2019	\$	\$	\$

**JJAEP Discretionary (IOWA Testing*)
Grant W-2018-079**

<u>Budget</u>	<u>Prior Year Activity</u>	<u>Current Year Activity</u>	<u>To Date Actual</u>	<u>Variance</u>
\$ 11,958	\$ 11,958	\$ -	\$ 11,958	\$
<u>11,958</u>	<u>11,958</u>	<u>-</u>	<u>11,958</u>	
11,958		11,953	11,953	5
<u>11,958</u>		<u>11,953</u>	<u>11,953</u>	<u>5</u>
	<u>11,958</u>	<u>(11,953)</u>	<u>5</u>	<u>(5)</u>
<u>\$</u>	<u>\$ 11,958</u>	<u>\$ (11,953)</u>	<u>\$ 5</u>	<u>\$ (5)</u>

*Extended expenditure period, Revenue received in FY 2018, Expenditures occurred in FY 2019

**FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT
NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Presentation and Accounting

The financial statements were prepared in conformity with the accounting practices prescribed by the Texas Juvenile Justice Department (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.

**FORT BEND COUNTY
 JUVENILE PROBATION DEPARTMENT
 TEXAS JUVENILE JUSTICE DEPARTMENT
 NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS**

Note 2 - Reconciliation of Interest Earned

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

	Interest Earned TJJD Funds FY 2019	Interest Earned Title IV-E FY 2019	Totals
Interest:			
Beginning balance, Sept. 1, 2018	\$	\$	\$
Interest earned on funds received from TJJD in the period Sept. 1, 2018 - Aug. 31, 2019	10,434	11,188	21,622
Total Interest at Aug. 31, 2019	10,434	11,188	21,622
Minus expenditures in FY 2019	(10,434)	(11,188)	(21,622)
Ending Balance, Aug. 31, 2019	\$	\$	\$

Note 3 - Operating Costs for a Secure Juvenile Facility

The Department operates a secure pre-adjudication facility. A schedule of expenditures for the facility follows:

**Operating Costs
 Fort Bend County Pre-Adjudication Juvenile Facility
 For the Year Ending August 31, 2019**

	<u>TJJD Funding*</u>	<u>Local Funding</u>	<u>Total</u>
Salary Related Expenditures	\$ 391,269	\$ 6,189,110	\$ 6,580,379
Student Related Expenditures		196,507	196,507
Facility Expenditures		147,979	147,979
Total Operating Expenditures	<u>\$ 391,269</u>	<u>\$ 6,533,596</u>	<u>\$ 6,924,865</u>

* TJJD Funding is provided from Grant A.

**FORT BEND COUNTY
 JUVENILE PROBATION DEPARTMENT
 TEXAS JUVENILE JUSTICE DEPARTMENT
 NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS**

Note 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 Fort Bend County on a cost reimbursement basis. A confirmation of revenue received in the year ending August 31, 2019 is required and presented below. This includes receipts for direct and enhanced administrative foster care claims.

<u>Title IV-E Contract Number</u>	<u>Amount Received (Cash Basis) August 31, 2019</u>
TJPC-E-2015-079	\$
TJPC-E-2016-079	
TJPC-E-2017-079	
TJPC-E-2018-079	
TJPC-E-2019-079	
Total	<u><u>\$</u></u>

Fort Bend County did not receive Title IV-E funding in fiscal years 2015-2019.

Note 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 or 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, 2019 is required and presented below:

<u>Fiscal Year</u>	<u>Local Funding Expended (less construction and capital outlay)</u>
2019	\$ 14,779,054
2006	\$ 7,111,338

The Juvenile Probation Department certified the financial match requirements were fulfilled in FY 2019.

**FORT BEND COUNTY
 JUVENILE PROBATION DEPARTMENT
 TEXAS JUVENILE JUSTICE DEPARTMENT
 NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS**

Note 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 received in the year ending August 31, 2019 is required and presented below.

<u>Contract Number</u>	<u>Amount Received (Cash Basis) August 31, 2019</u>
TJPC-P-2019-079	\$ 195,417

B. The Texas Juvenile Justice Department provided approval for the County for the following funds: Grant W Juvenile Justice Alternative Education Program Discretionary Grant funds that can be used over a two year period. The following indicates the amounts that are available to be carried forward to the subsequent year and amounts that were expended from prior year contracts.

<u>Contract Number</u>	<u>Amount Carried Forward to Fiscal Year August 31, 2019</u>	<u>Amount Brought Forward from Fiscal Year August 31, 2018</u>
Grant W-2018-079		\$ 11,958

C. 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, 2019 is required and presented below.

<u>Contract Number</u>	<u>Amount Received (Cash Basis) August 31, 2019</u>
Grant R-2019-079	\$ 42,946

**REPORT OF INDEPENDENT AUDITORS 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***

Fort Bend County Juvenile Board
and Kyle Dobbs, Chief Juvenile Probation Officer
Fort Bend County Juvenile Probation Department
Fort Bend 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 Fort Bend County Juvenile Probation Department (Department), which comprise the statements of revenues, expenditures and changes in fund balances – budget and actual – regulatory basis, as of and for the year ended August 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Fort Bend County Juvenile Board
and Kyle Dobbs, Chief Juvenile Probation Officer
Fort Bend County Juvenile Probation Department
Fort Bend County, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Whitley Penn LLP

Houston, Texas
December 20, 2019

FORT BEND COUNTY JUVENILE PROBATION DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2019

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

II. Financial Statement Findings

None Noted

III. Program Findings and Questioned Costs

None Noted

FORT BEND COUNTY JUVENILE PROBATION DEPARTMENT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2019

I. Status of Prior Year Findings

None Noted