

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

**ANNUAL FINANCIAL AND
COMPLIANCE REPORT**

August 31, 2012

**FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
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Independent Auditors' Report

Honorable R.H. "Sandy" Bielstein, 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, 2012, of the Fort Bend County Juvenile Probation Department ("Department"), Texas Juvenile Justice Department Grant Funds. These statements are the responsibility of the Fort Bend County Juvenile Probation Department's management. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 more fully in Note 1, the Department prepares its financial statements using accounting practices prescribed or permitted by the Texas Juvenile Justice Department, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between those regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The financial statements were prepared on the same basis of accounting used for reporting to the Texas Juvenile Justice Department, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As discussed in Note 1, the financial statements present the results of 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the revenue it 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, 2012, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012, 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* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management of the Fort Bend County Juvenile Board and for filing with the Texas Juvenile Justice Department and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Sugar Land & Co." with a stylized flourish at the end.

Sugar Land, Texas
November 30, 2012

**Financial Statements
(Regulatory Basis)**

FORT BEND COUNTY, TEXAS
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES BY CONTRACT -
BUDGET AND ACTUAL (REGULATORY BASIS)
For the Year Ended August 31, 2012

	State Aid Agreement		
	Program A-2011-079*		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
TJJD Funds	\$ 495,213	\$ 495,213	\$
Total Revenues	<u>495,213</u>	<u>495,213</u>	
Expenditures			
Salaries and fringe benefits	443,649	443,649	
Operating	28,231	28,231	
Non-residential services	5,085	5,085	
Residential services	<u>18,248</u>	<u>18,248</u>	
Total Expenditures	<u>495,213</u>	<u>495,213</u>	
Revenues in Excess of Expenditures			
Fund balance, September 1, 2011			
Fund balance, August 31, 2012	<u>\$</u>	<u>\$</u>	<u>\$</u>

*Funds for Program A-2011-079 were extended through 8/31/2012.

**State Aid Agreement
Program A-2012-079**

Budget	Actual	Variance
\$ 2,091,518	\$ 2,091,518	\$
2,091,518	2,091,518	
1,435,774	1,435,774	
9,000	7,250	1,750
58,502	47,025	11,477
588,242	601,469	(13,227)
2,091,518	2,091,518	
\$	\$	\$

**Commitment Reduction Program
Program C-2012-079**

Budget	Actual	Variance
\$ 260,085	\$ 260,085	\$
260,085	260,085	
222,757	222,757	
37,328	37,328	
260,085	260,085	
\$	\$	\$

FORT BEND COUNTY, TEXAS
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES BY CONTRACT -
BUDGET AND ACTUAL (REGULATORY BASIS)
For the Year Ended August 31, 2012

	Special Needs Diversionary Program M-2012-079		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
TJJD Funds	\$ 54,413	\$ 54,413	\$
Total Revenues	<u>54,413</u>	<u>54,413</u>	
Expenditures			
Salaries and fringe benefits	54,413	54,413	
Non-residential services			
Total Expenditures	<u>54,413</u>	<u>54,413</u>	
Revenues in Excess of Expenditures			
Fund balance, September 1, 2011			
Fund balance, August 31, 2012	<u>\$</u>	<u>\$</u>	<u>\$</u>

Additional Information:
**Refunds paid to Commission Subsequent
to 8/31/12**

Prevention and Intervention Project Program S - 2012-079**			JJAEP Program P-2012-079		
Budget	Actual	Variance	Budget	Actual	Variance
\$ 32,130	\$ 32,130	\$	\$	\$ 242,293	\$
32,130	32,130			242,293	
32,130	13,039	19,091		242,293	
32,130	13,039	19,091		242,293	
<u>\$</u>	<u>\$ 13,039</u>	<u>\$ 19,091</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**Funds for Program S-2012-079 were extended through 11/30/2012.

FORT BEND COUNTY, TEXAS
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 Probation Commission (“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.

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

Note 2 - 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 TJJD shall be considered generated income and shall be reported to the Department as such. The reconciliation of accrued interest earned on funds received from the Department is as follows:

	Interest Earned TJJD Funds FY 2012	Interest Earned Title IV-E FY 2012	Totals
Accrued Interest:			
Beginning balance, Sept. 1, 2011	\$	\$	\$
Interest accrued on funds received from TJJD in the period Sept. 1, 2011- Aug. 31, 2012	5,407	15,320	20,726
Total Accrued Interest at Aug. 31, 2012	5,407	15,320	20,727
Minus expenditures in FY 2012	(5,407)	(15,320)	(20,727)
Ending Balance, Aug. 31, 2012	\$	\$	\$

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, 2012**

	<u>TJJD Funding*</u>	<u>Local Funding</u>	<u>Total</u>
Salary Related Expenditures	\$ 56,600	\$ 4,320,602	\$ 4,377,202
Student Related Expenditures		62,101	\$ 62,101
Facility Expenditures		294,535	\$ 294,535
Capital Expenditures		90,212	\$ 90,212
Total Operating Expenditures	<u>\$ 56,600</u>	<u>\$ 4,767,450</u>	<u>\$ 4,824,050</u>

* TJJD Funding is provided from the stipend paid out of Grant A - \$56,600.

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

Note 4 –Financial Assistance

A. 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, 2012 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, 2012</u>
TJPC-E-2011-079	\$ -
TJPC-E-2012-079	
Total	<u>\$ -</u>

Fort Bend County did not receive Title IV-E funding in fiscal years 2011 and 2012.

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, 2012 is required and presented below:

<u>Fiscal Year</u>	<u>Local Funding Expended</u> (less construction and capital outlay)
2012	\$ 9,695,494
2006	\$ 7,111,338

The juvenile probation department certified the financial match requirements were fulfilled in FY 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*

Honorable R.H. “Sandy” Bielstein, Chairman
Fort Bend County Juvenile Board
Fort Bend County, Texas

We have audited the combined Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Regulatory Basis of the Fort Bend County Juvenile Probation Department Texas Juvenile Justice Department Grant Funds for the year ended August 31, 2012, and have issued our report thereon dated November 30, 2012. 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 (“Department”) internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department’s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fort Bend County Juvenile Probation Department’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and, general financial, special needs diversionary, and JJAEP assurances, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. Compliance with laws, regulations, contracts, grants and requirements of the Texas Juvenile Justice Department Audit Requirements is the responsibility of the management of the Department. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Sankar & Co." with a stylized flourish at the end.

Sugar Land, Texas
November 30, 2012

FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2012

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

FORT BEND COUNTY
JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT
PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended August 31, 2012

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