

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

**ANNUAL FINANCIAL AND  
COMPLIANCE REPORT**

**August 31, 2016**



**FORT BEND COUNTY**  
**JUVENILE PROBATION DEPARTMENT**  
**TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS**  
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## REPORT OF INDEPENDENT AUDITORS

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 for the year ended August 31, 2016, 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, 2016, 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 January 11, 2017, 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas  
January 11, 2017

**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, 2016*

**State Aid Agreement**  
**Grant A-2016-079**

| <b>Revenues</b>                          | <b>Final Budget</b> | <b>Actual</b>    | <b>Variance</b> |
|--|---------------------|------------------|-----------------|
| TJJD Funds                               | \$ 2,199,595        | \$ 2,199,595     | \$              |
| <b>Total Revenues</b>                    | <u>2,199,595</u>    | <u>2,199,595</u> |                 |
| <b>Expenditures</b>                      |                     |                  |                 |
| Basic Probation Services                 | 678,136             | 678,136          |                 |
| Community Programs                       | 401,167             | 401,167          |                 |
| Pre Post Adjudications                   | 523,033             | 518,651          | 4,382           |
| Commitment Division                      | 255,103             | 255,103          |                 |
| Mental Health Services                   | 342,156             | 346,538          | (4,382)         |
| <b>Total Expenditures</b>                | <u>2,199,595</u>    | <u>2,199,595</u> |                 |
| <b>Excess Revenues over Expenditures</b> |                     |                  |                 |
| <b>Fund balance, September 1, 2015</b>   |                     |                  |                 |
| <b>Fund balance, August 31, 2016</b>     | <u>\$</u>           | <u>\$</u>        | <u>\$</u>       |
| <b>Refund paid to TJJD</b>               |                     |                  |                 |
| <b>10/11/2016</b>                        |                     |                  |                 |



**Special Needs Diversionary  
Grant M-2016-079**

**Prevention and Intervention Project  
Grant S-2016-079**

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

| <u>Final Budget</u> | <u>Actual</u>    | <u>Variance</u>    |
|---------------------|------------------|--------------------|
| \$ 76,258           | \$ 76,258        | \$                 |
| 76,258              | 76,258           |                    |
| 76,258              | 62,835           | 13,423             |
| 76,258              | 62,835           | 13,423             |
|                     | 13,423           | (13,423)           |
| <u>\$</u>           | <u>\$ 13,423</u> | <u>\$ (13,423)</u> |

\$ 13,423

**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 (TJJJ) in Fort Bend County.

The Funds provide separate accountability as required under the State Financial Assistance Contract, by TJJJ. The funds are used to account for each separate program, matching funds and all related expenditures incurred.

**B. Basis of Presentation and Accounting**

The financial statements were prepared in conformity with the accounting practices prescribed by the Texas Juvenile Justice Department (TJJJ), which prescribes policies and procedures for county probation departments, which is a comprehensive basis of accounting other than generally accepted accounting principles. These accounting practices include the following:

- The financial statements are reported using the accrual basis of accounting. Revenues are recorded when all eligibility requirements have been met and expenditures are recorded when incurred.
- The accompanying financial statements do not represent financial statements prepared in accordance with provisions for governmental funds as prescribed by the Governmental Accounting Standards Board.
- The accompanying financial statements are prepared in a format to facilitate uniform financial reporting by county probation departments.

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

**Note 2 - Reconciliation of Accrued Interest**

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

|  | <b>Interest Earned<br/>TJJD Funds<br/>FY 2016</b> | <b>Interest Earned<br/>Title IV-E<br/>FY 2016</b> | <b>Totals</b> |
|--|---|---|---------------|
| <b>Accrued Interest:</b>   |   |   |               |
| Beginning balance, Sept. 1, 2015   | \$  | \$  | \$            |
| Interest accrued on funds received from TJJD in the period Sept. 1, 2015 - Aug. 31, 2016 | 2,485   | 2,233   | 4,718         |
| Total Accrued Interest at Aug. 31, 2016  | 2,485   | 2,233   | 4,718         |
| Minus expenditures in FY 2016  | (2,485)   | (2,233)   | (4,718)       |
| <b>Ending Balance, Aug. 31, 2016</b>   | <b>\$</b>   | <b>\$</b>   | <b>\$</b>     |

**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, 2016**

|                              | <b>TJJD Funding*</b> | <b>Local Funding</b> | <b>Total</b>        |
|------------------------------|----------------------|----------------------|---------------------|
| Salary Related Expenditures  | \$ 118,397           | \$ 5,469,505         | \$ 5,587,902        |
| Student Related Expenditures |                      | 87,849               | 87,849              |
| Facility Expenditures        |                      | 153,388              | 153,388             |
| Capital Expenditures         |                      | -                    | -                   |
| Total Operating Expenditures | <u>\$ 118,397</u>    | <u>\$ 5,710,742</u>  | <u>\$ 5,829,139</u> |

\* TJJD Funding is provided from Grant A - \$118,397.

**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, 2016 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<br/>(Cash Basis)<br/>August 31, 2016</u> |
|-----------------------------------|---|
| TJPC-E-2013-079                   | \$ -  |
| TJPC-E-2014-079                   | -   |
| TJPC-E-2015-079                   | -   |
| TJPC-E-2016-079                   | -   |
| Total                             | <u>\$ -</u>   |

Fort Bend County did not receive Title IV-E funding in fiscal years 2013, 2014, 2015 or 2016.

**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, 2016 is required and presented below:

| <u>Fiscal Year</u> | <u>Local Funding Expended (less construction and capital outlay)</u> |
|--------------------|--|
| 2016               | \$ 12,771,877  |
| 2006               | \$ 7,111,338   |

The juvenile probation department certified the financial match requirements were fulfilled in FY 2016.

**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, 2016 is required and presented below.

| <u>Contract Number</u> | <u>Amount Received<br/>(Cash Basis)<br/>August 31, 2016</u> |
|------------------------|---|
| TJPC-P-2016-079        | \$ 159,616  |
| TJPC-P-2015-079        | \$ 4,472  |

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**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), and have issued our report thereon dated January 11, 2017.

***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.

  
Houston, Texas  
January 11, 2017



**FORT BEND COUNTY JUVENILE PROBATION DEPARTMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended August 31, 2016*

**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

**IV. Status of Prior Year Findings**

None Noted