

***Texas Juvenile Probation
Commission Grant Funds of
Tarrant County, Texas***

*Combined Statement of Revenues, Expenditures and
Changes in Fund Balance (Regulatory Basis)–
Budget and Actual
Year Ended August 31, 2004 and
Independent Auditors' Reports*

**TEXAS JUVENILE PROBATION COMMISSION
GRANT FUNDS OF TARRANT COUNTY, TEXAS**

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INDEPENDENT AUDITORS' REPORT

The Tarrant County Juvenile Board
Tarrant County, Texas

We have audited the combined statement of revenues, expenditures and changes in fund balance (regulatory basis) – budget and actual, of the Texas Juvenile Probation Commission Grant Funds of Tarrant County, Texas (the “Funds”), for the year ended August 31, 2004. This combined statement of revenues, expenditures and changes in fund balance (regulatory basis) – budget and actual (“the Statement”), is the responsibility of the Funds’ management. Our responsibility is to express an opinion on this Statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this Statement was 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 States of America.

As discussed in Note 1, the Statement presents only the activity of the Texas Juvenile Probation Commission Special Revenue Grant Funds of Tarrant County, Texas, and is not intended to present fairly the financial position of Tarrant County, Texas, and the result of its operations in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenues, expenditures and changes in fund balance of the Texas Juvenile Probation Commission Grant Funds of Tarrant County, Texas, for the year ended August 31, 2004, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the statement of revenues, expenditures and changes in fund balance (regulatory basis) – budget and actual, taken as a whole. The supplemental information representing individual fund financial information is presented for additional analysis of the financial statement and is not a required part of the financial statement. This supplemental information is the responsibility of the Funds’ management. Such supplemental information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the financial statement taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2005, on our consideration of the Tarrant County Juvenile Probation Department's internal control over financial reporting and our tests of its compliance and other matters. 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 Tarrant County and for filing with the Texas Juvenile Probation Commission ("TJPC") and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

February 14, 2005

TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS OF TARRANT COUNTY, TEXAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
(REGULATORY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 2004

	Supplemental Information							
	Special Needs Divisionary TJPC-M-2004-220		Progressive Sanctions ISP TJPC-O-2004-220		Community Corrections TJPC-Y-2004-220		Favorable/ (Unfavorable) Variance	
	Budget	Actual	Budget	Actual	Budget	Actual		
GRANT RECEIPTS:								
Commission Grant Funds	\$ 271,000	\$ 271,000	\$ 187,728	\$ 187,728	\$ 1,533,397	\$ 1,533,397	\$ -	\$ -
County match								
Total revenue	271,000	271,000	187,728	187,728	1,533,397	1,533,397		
EXPENDITURES:								
Salaries and fringe benefits	255,090	247,764	187,728	187,728	200,622	195,563	5,059	
Travel	15,910	22,497						
Operating expenditures		739						
Non-residential services					500,000	829,834	(8,000)	
Residential services					832,775		2,941	
Total expenditures	271,000	271,000	187,728	187,728	1,533,397	1,533,397		
EXCESS REVENUES OVER EXPENDITURE	-	-	-	-	-	-	-	-
FUND BALANCE:								
Beginning of period								
End of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See notes to combined statement of revenues, expenditures and changes in fund balance - regulatory basis.

(Continued)

TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS OF TARRANT COUNTY, TEXAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
(REGULATORY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 2004

	SUPPLEMENTAL INFORMATION									
	State Aid TJPC-A-2004-220		Progressive Sanctions JPO TJPC-F-2004-220		Progressive Sanctions 1-2-3 TJPC-G-2004-220					
	Budget	Actual	Favorable/ (Unfavorable) Variance	Budget	Actual	Favorable/ (Unfavorable) Variance	Budget	Actual	Favorable/ (Unfavorable) Variance	
GRANT RECEIPTS:										
Commission Grant Funds	\$ 635,942	\$ 635,942	\$ -	\$ 619,758	\$ 619,758	\$ -	\$ 202,053	\$ 202,053	\$ -	
County match										
Total revenue	635,942	635,942		619,758	619,758		202,053	202,053		
EXPENDITURES:										
Salaries and fringe benefits	408,112	403,116	4,996	619,758	619,758		182,053	179,883	2,170	
Travel	24,000	24,642	(642)							
Operating expenditures	20,000	14,475	5,525							
Non-residential services	183,830	193,709	(9,879)				20,000	22,170	(2,170)	
Residential services										
Total expenditures	635,942	635,942		619,758	619,758		202,053	202,053		
EXCESS REVENUES OVER EXPENDITURE	-	-	-	-	-	-	-	-	-	-
FUND BALANCE:										
Beginning of period	-	-	-	-	-	-	-	-	-	-
End of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See notes to combined statement of revenues, expenditures and changes in fund balance - regulatory basis.

(Continued)

TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS OF TARRANT COUNTY, TEXAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
(REGULATORY BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED AUGUST 31, 2004

	SUPPLEMENTAL INFORMATION					
	Salary Adjustment TJPC-Z-2004-220			Total		
	Budget	Actual	Favorable/ (Unfavorable) Variance	Budget	Actual	Favorable/ (Unfavorable) Variance
GRANT RECEIPTS:						
Commission Grant Funds	\$ 501,600	\$ 501,523	\$ (77)	\$ 3,951,478	\$ 3,951,401	\$ (77)
County match						
Total revenue	501,600	501,523	(77)	3,951,478	3,951,401	(77)
EXPENDITURES:						
Salaries and fringe benefits	501,600	501,523	77	2,354,963	2,335,335	19,628
Travel				39,910	47,139	(7,229)
Operating expenditures				20,000	15,214	4,786
Non-residential services				703,830	723,879	(20,049)
Residential services				832,775	829,834	2,941
Total expenditures	501,600	501,523	77	3,951,478	3,951,401	77
EXCESS REVENUES OVER EXPENDITURES	-	-	-	-	-	-
FUND BALANCE:						
Beginning of period	-	-	-	-	-	-
End of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See notes to combined statement of revenues, expenditures and changes in fund balances - regulatory basis.

(Concluded)

TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS OF TARRANT COUNTY, TEXAS

NOTES TO COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (REGULATORY BASIS) – BUDGET AND ACTUAL YEAR ENDED AUGUST 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity – The Texas Juvenile Probation Commission Grant Funds of Tarrant County (the “Funds”) were established to account for juvenile probation services funded by the Texas Juvenile Probation Commission (“TJPC”) in Tarrant County.

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

Basis of Accounting—The combined financial statements are reported with the same basis of accounting used for reporting to the TJPC, which is a comprehensive basis of accounting other than generally accepted accounting principals.

2. RECONCILIATION OF ACCRUED INTEREST

Interest accrued on funds received from TJPC shall be considered generated income and shall be reported to the Commission as such.

	Interest Earned Commission Funds Fiscal Year 2004	Interest Earned Title IV E Funds Fiscal Year 2004	Totals
Beginning balance—September 1, 2003	\$ 43,192	\$ 111,236	\$ 154,428
Interest accrued on funds received from TJPC in the period of September 1, 2003 to August 31, 2004	<u>5,432</u>	<u>37,106</u>	<u>42,538</u>
Total accrued interest at August 31, 2004	48,624	148,342	196,966
Minus expenditures in fiscal year 2004	<u>29,650</u>	<u>-</u>	<u>29,650</u>
Ending balance—August 31, 2004	<u>\$ 18,974</u>	<u>\$ 148,342</u>	<u>\$ 167,316</u>

3. TEXAS JUVENILE PROBATION COMMISSION PROGRESSIVE SANCTIONS OFFICERS

The following shows the funding awarded to Tarrant 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.

Contract Section	Awarded Funding	Expenditures
Grant F-FY2004		
Progressive Sanctions JPO		
B. Basic PSO fiscal year 96-97 \$22,197	\$ 399,222	\$ 399,222
C. Basic PSO fiscal year 98-99 \$27,567	220,536	220,536
Grant O-FY2004		
Progressive Sanctions ISJPO		
B. ISP PSO fiscal year 96-97 \$26,502	106,008	106,008
C. ISP PSO fiscal year 98-99 \$27,240	<u>81,720</u>	<u>81,720</u>
Total	<u>\$ 807,486</u>	<u>\$ 807,486</u>

4. OPERATING COST FOR A SECURE JUVENILE FACILITY OPERATED BY TARRANT COUNTY

The following disclosure is additional information included in this audit to support registration of the secure facility with TJPC in Tarrant County.

Operating Costs
Tarrant County Pre-Adjudication Juvenile Facility
Ending August 31, 2004

	TJPC Funding	Local Funding	Total
Salary-related expenditures		\$ 3,698,349	\$ 3,698,349
Student-related expenditures	\$ 35,026	181,340	216,366
Facility expenditures	<u>-</u>	<u>49,024</u>	<u>49,024</u>
Total operating expenditures	<u>\$ 35,026</u>	<u>\$ 3,928,713</u>	<u>\$ 3,963,739</u>

Operating Costs
Tarrant County Post-Adjudication Facility
Ending August 31, 2004

	TJPC Funding	Local Funding	Total
Salary-related expenditures	\$ 755,843	\$ 387,979	\$ 1,143,822
Student-related expenditures	87,144	16,003	103,147
Facility expenditures	<u>46,241</u>	<u>11,731</u>	<u>57,972</u>
Total operating expenditures	<u>\$ 889,228</u>	<u>\$ 415,713</u>	<u>\$ 1,304,941</u>

5. **FEDERAL AWARDS**

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 Tarrant County on a cost reimbursement basis. A confirmation of revenue received in the year ending August 31, 2004 is required and presented below:

Title IV-E Foster Care Contract Number	Amount Received (Cash Basis) August 31, 2004
TJPC-E-2003-220	\$1,335,932
TJPC-E-2004-220	<u>41,340</u>
Total	<u>\$1,377,272</u>

This includes receipts for direct and enhanced administrative foster care claiming.

6. **SALARY ADJUSTMENT**

TJPC funds salary adjustments to the Department for certified juvenile probation officers ("JPOs") and eligible certified detention or corrections officers ("JDOs") as described under Section III (B) of this grant. Our auditor-determined results of the Salary Adjustment Compliance testing for 2004 are as follows:

Total population: 183 Certified JPOs
0 Certified JDOs

Sample size: 19 Certified JPOs

Results: All positions tested for compliance with contract assurance shown above were correctly certified and paid. Vacancies during the 2004 fiscal year resulted in the Department receiving \$77 more than was budgeted. This amount was refunded to TJPC.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

The Tarrant County Juvenile Board
Tarrant County, Texas

We have audited the combined statement of revenues, expenditures and changes in fund balance (regulatory basis) - budget and actual (the "statement" or "financial statement") of the Texas Juvenile Probation Commission Grant Funds (the "Funds") of Tarrant County (the "County") for the year ended August 31, 2004, and have issued our report thereon dated February 14, 2005.

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 Governmental 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 statement is free of material misstatement.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Tarrant County Juvenile Probation Department's (the "Department" or the "Recipient") financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect of 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 Probation Commission Audit Requirements* is the responsibility of the management of the Department. The applicable requirements are as follows:

- Separate accountability for the receipt and expenditure of all grant funds under the State Financial Assistance Contract is maintained for each grant program from which the Grant Recipient receives funds.
- Expenditures reported to the Commission are in agreement with the Grant Recipient accounting records and audited expenditures in each budget category.
- The grant funds are not expended for the purchase of equipment, renovation or construction unless explicitly authorized by the Commission within the individual grant requirements. An item is equipment if County policy requires it to be capitalized, or if the County has no policy, if it has a useful life of more than one year and a cost of more than \$5,000.
- Proper cutoff procedures are observed at the end of each fiscal period. Obligations of the fiscal period under review are not paid from funds of the subsequent fiscal period. Obligations of a subsequent fiscal period are not prepaid from funds of a fiscal period under review. A modified accrual basis of accounting is used in preparing fourth quarter expenditure reports to Commission.
- Refunds and reimbursements are properly accounted for as reductions of expenditures rather than as increases in revenues.
- The grant funds were not used to pay any part of a placement where the rate exceeds the Commission's Level of Service [the Commission-FIS-39-04] Rates as found in Exhibit "B" in the State Financial Assistance Contract and Section VIII (B) (kk) (iii) (a).

- Any charges to the grant funds for residential services must be reduced by any other sources of funds such as court ordered support payments, social security payments, or the like which are to be contributed toward the individual child's placement cost.
- The grant funds used to pay for all or part of the costs of a placement of a child must follow the General Grant Requirements of Section VIII (B) (4) (kk).
- Travel reimbursements are paid according to County policy and do not exceed state rates as described as follows: (1) lodging—\$80/day; (2) meals—\$30/day; and (3) mileage—\$0.35/mile.
- Travel allowances paid in lieu of mileage reimbursements are supported by documentation that shows reimbursements do not exceed state mileage rates.
- The grant funds are not expended for juvenile court judges' salaries; juvenile court judges or juvenile board member expenses, including travel; juvenile board expenses; court-appointed attorneys; prosecutors; or other court-related expenses.
- The grant funds are not paid as wages or salaries to children receiving services from Recipient.
- All employees with access to funds should be covered by surety bonds.
- Expenditures are supported by appropriate written documentation.
- Idle funds are invested in an account which provides a reasonable interest rate and provides necessary protection of principal. Interest generated as a result of funds deposited from the Commission is credited to the account of the juvenile probation department for the provision of juvenile probation services. Expenditure of any interest earned on idle funds as well as probation fees shall be at the discretion of the Recipient and used for the provision of juvenile probation services. Annual interest earnings are reported to the Commission in the annual independent audit in the format prescribed by the Commission.
- The amount of local or County funds expended excluding construction and capital outlay for juvenile services shall be at least equal to or greater than the amount spent in the 2001 County fiscal year. This requirement applies to all Grant Recipients that accepted the Salary Adjustment grant. If the Grant Recipient did not accept the Salary Adjustment grant, the amount of local or County funds expended excluding construction and capital outlay for juvenile services shall be at least equal to or greater than the amount spent in the 1994 county fiscal year.
- Any monies identified as Progressive Sanctions JPO or ISJPO grant funds under the terms of Paragraph IV (B) (2) were budgeted for the sole purpose of funding the base salaries, fringe benefits, supplies and other miscellaneous expenses of those JPO(s) hired in fiscal years 1998 through 2004. Documentation for expenditures must be provided.
- Any monies identified a Progressive Sanctions JPO ISJPO grant funds under the terms of Paragraphs IV (c) (2) above were budgeted for the sole purpose of funding the salaries, supplies and other miscellaneous expenses of those JPO(s) hired in the fiscal years 1996 through 2004. Documentation for expenditures must be provided.
- Any monies identified as Progressive Sanctions Level 1, 2, and 3 Programs grant funds were expended for the sole purpose of funding new programs or to enhance current programs or probation services which provide services to juveniles assigned to Levels I, II, or III of the Progressive Sanctions Model. Documentation for expenditures must be provided.
- The amount of local or county funds budgeted and expended for juvenile services is at least equal to or greater than the amount spent in the 2001 County fiscal year, excluding construction and capital outlay expenses.
- Actual students attendance days reported on the JJAEP Attendance Voucher (TJPC-JJAEP-01-04) are verifiable and in agreement with the Grant Recipient's attendance roster.
- The amount of funds received is reconciled with reported student attendance days and unearned funds have been refunded to the Commission.
- No more than fifteen percent (15%) of any federal monies received pursuant to the Title IV-E Program shall be used for any flat or contingency fees paid to private service providers for or on account of enhanced administrative claiming. The remaining flat or contingency fees owed to private service providers for or on account of enhanced administrative claiming shall be paid from local/County funds.

- Pursuant to Rider 2 of the Texas General Appropriations Act, 76th Texas Legislature, Regular Session 1999, the Grant Recipient agrees to use any and all financial reimbursement received through the Title IV-E Program via this grant from the Commission to increase funds available for juvenile justice services. Under no circumstances may the Grant Recipient use reimbursements monies received through this contract for secure placement or detention costs.
- Idle funds are invested in an account which provides a reasonable interest rate and provides necessary protection of principal. Any interest accrued shall be considered generated income and shall be reported to the Commission as such. Any income generated by the deposit shall be placed in the special fund for enhancing the Grant Recipient's Title IV-E program.
- The receipt and expenditure of all Title IV-E federal reimbursements received by Recipient pursuant to this Contract have been accounted for separately and spent according to the requirement detailed herein.
- The Grant Recipient shall be responsible for determining applicability and ensuring compliance with the Single Audit Act of 1984, Public Law 98-502, and as amended by the Single Audit Act Amendments of 1996, Public Law 104-156 as it relates to reimbursements received under this agreement. The Grant Recipient shall have a Single Audit performed if applicable and retain copies for future review by federal and state officials.
- Salary expenses reported on Title IV-E administrative reimbursement claims do not include travel allowances or emoluments.
- Title IV-E specific training and general training costs reported on IV-E administrative claims are an accurate representation of costs incurred for training that benefits the IV-E program.
- Direct and indirect costs reported on Title IV-E administrative claims are an accurate representation of allowable expenses incurred on behalf of the IV-E program.
- The Grant Recipient's policies on compensatory time and overtime pay are consistently applied to employees of the Grant Recipient's juvenile probation department for all state and federal programs.

The following TJPC requirements are not applicable to the Funds:

- In a multicounty department, state funds may be used to reimburse the county providing the fiscal services for other counties in the department if (1) the amount paid is reasonable compensation for the services actually provided not to exceed five percent (5%) of funding allocations to the other counties; (2) payment is made to the county that provides the fiscal services rather than to any individual; and (3) the Recipient obtains prior written approval from TJPC's Contract Administrator.
- In combined adult and juvenile departments, expenditures that benefit both adults and juveniles are prorated on an equitable basis. Determination of the method of prorating such expenditures is supported by documentation.
- Any and all findings related to the Title IV-E program noted in the annual Single Audit for Recipient, if applicable, are disclosed in the Schedule of Findings and Questioned Costs in the annual TJPC Audit.

The results of our tests disclosed no material instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Deloitte & Touche LLP

February 14, 2005

**TEXAS JUVENILE PROBATION COMMISSION
GRANT FUNDS OF TARRANT COUNTY, TEXAS**

**FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2004**

NO CURRENT-YEAR FINDINGS

NO PRIOR-YEAR FINDINGS