TEXAS JUVENILE JUSTICE DEPARTMENT
GRANT FUNDS OF
JACK AND WISE COUNTIES, TEXAS

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
AUGUST 31, 2022

Texas Juvenile Justice Department Grant Funds of Jack and Wise Counties, Texas

Annual Financial Report

August 31, 2022

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SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Juvenile Probation Board of
Jack and Wise Counties, Texas
Decatur, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Texas Juvenile Justice Department Grant Funds of Jack and Wise Counties, Texas (Department) (a Special Revenue Fund of Wise County, Texas), which comprise the combined balance sheet – regulatory basis as of August 31, 2022 and the combined statement of revenues, expenditures and changes in fund balance - budget and actual - regulatory basis for the year ended August 31, 2022 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department as of August 31, 2022, and the revenues earned and expenditures incurred compared to budgeted revenues and expenditures, in accordance with the financial reporting provisions of the Texas Juvenile Justice Department (TJJD) as described in Note 1.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - 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 financial reporting provisions of the TJJD, 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 TJJD. Our opinion is not modified with respect to that matter.

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Emphasis of Matter

As discussed in Note 1, the financial statements present the results of operations of the Department's TJJD Grant Funds only and is not intended to present fairly the results of operations of Wise County, Texas in conformity with accounting principles generally accepted in the United States of America.

Responsibilities of Management 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 TJJD, and 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 error or fraud.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the accompanying financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2023, 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, grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Department's 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 management, Jack and Wise Counties, Texas, others within the Juvenile Probation Department of Jack and Wise Counties, Texas, and the Texas Juvenile Justice Department and is not intended to be and should not be used by anyone other than these specified parties.

Snow Garrett Williams

Snow Garrett Williams
February 16, 2023

FINANCIAL STATEMENTS

Texas Juvenile Justice Department Grant Funds
of Jack and Wise Counties, Texas
Combined Balance Sheet - Regulatory Basis
August 31, 2022

Assets		
Cash and investments	$	556,132
Total assets	$	556,132
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$	14,850
Accrued wages		13,053
Total liabilities		27,903
Fund Balance		528,229
Total Liabilities and Fund Balance	$	556,132

The accompanying notes are an integral part of these financial statements.

Texas Juvenile Justice Department Grant Funds
of Jack and Wise Counties, Texas
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance -
Budget and Actual - Regulatory Basis
For the Fiscal Year Ended August 31, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Basic Probation Supervision	$ 113,190	$ 113,190	$ -
Commitment Diversion	23,500	23,500	-
Community Programs	89,330	89,330	-
Pre Post-Adjudications	172,201	172,201	-
Mental Health Services	22,569	22,569	-
Risks and Needs Assessment	1,916	1,916	-
Regional Diversion	35,387	35,387	-
Title IV-E Federal Foster Care Program	6,780	6,780	-
Local Revenues:			
Jack County	95,000	95,000	-
Wise County	300,000	300,000	-
Probation Fees	-	2,705	2,705
Child Support	305	305	-
Interest Income	1,348	1,348	-
Total Revenues	861,526	864,231	2,705
Expenditures:			
Local Budget	396,652	340,636	56,016
Basic Probation Supervision	113,190	113,190	-
Community Programs	89,330	89,330	-
Pre Post-Adjudications	172,201	172,201	-
Commitment Diversion	23,500	23,500	-
Mental Health Services	22,569	22,569	-
Risks and Needs Assessment	1,916	1,916	-
Regional Diversion	35,387	35,387	-
Total Expenditures	854,745	798,729	56,016
Net Change in Fund Balance	$ 6,781	65,502	$ 58,721
Fund Balance - Beginning of Year		430,797	
Prior Period Adjustment		31,930	
Fund Balance - Beginning of Year - Adjusted		462,727	
Fund Balance - End of Year		$ 528,229	

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

Texas Juvenile Justice Department Grant Funds
Of Jack and Wise Counties, Texas
Notes to Financial Statements
August 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Texas Juvenile Justice Department Grant Funds of Jack and Wise Counties, Texas (Department) were established to account for juvenile probation services funded by the Texas Juvenile Justice Department (TJJD) in Jack and Wise Counties.

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

The financial statements are presented in accordance with the financial reporting provisions of the Texas Juvenile Justice Department, as described below, and are not intended to present the financial position or changes in financial position of Wise County, Texas. The Department is considered a Special Revenue Fund of Wise County, Texas.

B. Basis of Accounting

The financial statements were prepared in conformity with the accounting practices prescribed by TJJD, which prescribe policies and procedures for county probation departments and which constitute 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. Prior Period Adjustment

The Department's beginning fund balance was restated by $31,930 due to Wise County's implementation of GASB Statement No. 84, *Fiduciary Activities,* in fiscal year 2021. This resulted in the Department reporting an additional bank account and related activity in fiscal year 2022.

NOTE 2: RECONCILIATION OF INTEREST EARNED

The Department spends funds received from the State first and uses local or County provided funds for any excess expenditures. Any interest earned is not earned on funds received from TJJD and, therefore, the Department does not have any idle funds or accrued interest as of August 31, 2022. Jack and Wise Counties contributed $95,000 and $300,000, respectively, to the Department in fiscal year 2022 to assist with expenditures that exceeded amounts received from TJJD.

NOTE 3: OPERATING COST FOR A SECURE JUVENILE FACILITY OPERATED BY THE DEPARTMENT

The Department does not operate a secure juvenile facility.

NOTE 4: FEDERAL FINANCIAL ASSISTANCE

The Texas Juvenile Justice Department, along with the Texas Department of Family and Protective Services, administers the Title IV-E Program (ALN 93.658). TJJD disburses funds to the Department on a cost reimbursement basis. A confirmation of revenue receipted in the year ending August 31, 2022, is required and presented below. This includes receipts for direct and enhanced administrative foster care claims.

	Amount Received (Cash Basis) August 31, 2022
Title IV-E Contract Number E-2020-249	$ 6,780
Total	$ 6,780

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 equal to or greater than the amount spent in the 2006 county fiscal year, excluding construction and capital outlay expenses unless waived in accordance with provisions of the State Financial Assistance Fund grant. A confirmation of local funds for the year ending August 31, 2022, is required and presented below:

	Local Funding Expended (less construction and capital outlay)
Fiscal year 2022	$ 340,636
Fiscal year 2006	$ 199,576

The juvenile probation department certified the financial match requirements were fulfilled in fiscal year 2022.

NOTE 6: STATE FINANCIAL ASSISTANCE

The Texas Juvenile Justice Department provided the Counties the following funds for the Grant R – Regional Diversion Alternatives (RDA) Program Reimbursement Grant funds. A confirmation of revenue receipted in the year ending August 31, 2022, is required and presented below:

	Amount Received (Cash Basis) August 31, 2022
Grant R - Regional Diversion Alternatives Contract Number R-2022-249	$ 35,387
Total	$ 35,387

NOTE 7: SUBSEQUENT EVENTS

The Department has evaluated subsequent events through February 16, 2023, the date the financial statements were available to be issued, and nothing requiring disclosure was noted.

SUPPLEMENTAL INFORMATION

Texas Juvenile Justice Department Grant Funds
of Jack and Wise Counties, Texas
Statement of Revenues, Expenditures and
Changes in Fund Balance by Contract - Budget and Actual - Regulatory Basis
For the Fiscal Year Ended August 31, 2022

Grant A-2022-249

	Final Budget	2022 Actual	Variance
Revenues:			
TJJD Funds	$ 422,706	$ 422,706	$ -
Total Revenues	422,706	422,706	-
Expenditures:			
Basic Probation Supervision	113,190	113,190	-
Community Programs	89,330	89,330	-
Pre Post-Adjudications	172,201	172,201	-
Commitment Diversion	23,500	23,500	-
Mental Health Services	22,569	22,569	-
Risks and Needs Assessment	1,916	1,916	-
Total Expenditures	422,706	422,706	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -

OVERALL COMPLIANCE
AND
INTERNAL CONTROL SECTION

SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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*

Juvenile Probation Board of
Jack and Wise Counties, Texas
Decatur, 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 Jack and Wise Counties Juvenile Probation Department (Department) as of and for the year ended August 31, 2022, and the related notes to the financial statements which collectively comprise the Department's financial statements, and have issued our report thereon dated February 16, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements and compliance with provisions of laws, regulations, contracts, grant agreements or instances of fraud, including the specific financial assurances contained in Section VIII.J. of the General Grant Requirements and any Targeted Grant requirements, 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 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 or significant deficiencies may exist that were not identified.

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Report on 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 financial statements. 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* or Texas Juvenile Justice Department's audit instructions.

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.

Snow Garrett Williams

Snow Garrett Williams
February 16, 2023

Texas Juvenile Justice Department Grant Funds
Of Jack and Wise Counties, Texas
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended August 31, 2022

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

Texas Juvenile Justice Department Grant Funds
Of Jack and Wise Counties, Texas
Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended August 31, 2022

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