



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

**Combined Statement of Revenues, Expenditures and Changes in
Fund Balance by Contract – Budget and Actual (Regulatory Basis)**

August 31, 2011

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report

Honorable George Gallagher, Chair
Tarrant County Juvenile Board
Fort Worth, Texas:

We have audited the combined statement of revenues, expenditures and changes in fund balances by contract – budget and actual-regulatory basis for the year ended August 31, 2011 of the Tarrant County Juvenile Probation Department, Texas Juvenile Probation Commission Grant Funds. This statement is the responsibility of the Department's management. Our responsibility is to express an opinion on the financial 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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 in Note 1, the financial statement presents the results of operations of Department's Texas Juvenile Probation Commission Grant Funds only and is not intended to present fairly the results of operations of the County in conformity with U.S. generally accepted accounting principles.

As discussed more fully in Note 1, the Tarrant County Juvenile Probation Department prepares its financial statement using accounting practices prescribed or permitted by the Texas Juvenile Probation Commission, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statement 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 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 U.S. generally accepted accounting principles.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with generally accepted accounting principles, the results of operations of the Department for the year ended August 31, 2011.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue it earned and expenditures incurred compared to budgeted revenues and expenditures of the Department's Texas Juvenile Probation Commission Grant Funds for the year ended August 31, 2011 in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 20, 2012, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain 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* 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, the Tarrant County Juvenile Probation Board, and for filing with the Texas Juvenile Probation Commission and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 20, 2012



KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

**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***

Tarrant County Juvenile Board
Tarrant County, Texas:

We have audited the combined financial statement of Tarrant County Juvenile Probation Department, Texas Juvenile Probation Commission Grant Funds (the Department) as of and for the year ended August 31, 2011, and have issued our report thereon dated January 20, 2012. The financial statement is prepared on the same basis of accounting used for report to the Texas Juvenile Probation Commission, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles and presents the results of operations of the Department's Texas Juvenile Probation Commission Grant Funds only. 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

Management of the Department is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, 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 over financial reporting 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, detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, 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 the 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, progressive sanctions, salary adjustment, JJAEP, and Title IV – E 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 Probation Commission Audit Requirements is the responsibility of 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 and use of management, the Tarrant County Juvenile Probation Board, and for filing with the Texas Juvenile Probation Commission and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 20, 2012

JUVENILE BOARD OF TARRANT COUNTY, TEXAS
TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BY CONTRACT
BUDGET AND ACTUAL (REGULATORY BASIS)

Year Ended August 31, 2011

	State Aid Grant-A-2010-220		Commitment Reduction Grant-C-2011-220		Progressive Sanctions JFO Grant-F-2011-220	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:						
Commission Funds	\$ 1,056,864	1,056,864	617,455	617,455	619,758	619,758
Interest	—	—	—	—	—	—
Total Revenue	1,056,864	1,056,864	617,455	617,455	619,758	619,758
Expenditures:						
Salaries and Fringe Benefits	818,227	818,227	—	—	619,758	619,758
Travel	32,521	32,521	—	—	—	—
Operating Expenditures	19,591	19,591	—	—	—	—
Non-Residential	186,525	111,525	456,500	456,500	—	—
Residential Services	—	—	160,955	160,955	—	—
Total Expenditures	1,056,864	981,864	617,455	617,455	619,758	619,758
Excess Revenues Over Expenditures	—	75,000	—	—	—	—
Fund Balance, Beginning of Period	—	—	—	—	—	—
Fund Balance, End of Period	—	75,000	—	—	—	—

JUVENILE BOARD OF TARRANT COUNTY, TEXAS
TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES --
 BUDGET AND ACTUAL (REGULATORY BASIS)

Year Ended August 31, 2011

	Diversionary Placement Grant-H-2011-220		Special Needs Diversionary Grant-M-2011-220		Progressive Sanctions ISP Grant-O-2011-220	
	Budget	Variance	Budget	Variance	Budget	Variance
Revenues:						
Commission Funds	\$ 876,396	--	271,000	--	187,728	--
Interest	--	--	--	--	--	--
Total Revenue	876,396	--	271,000	--	187,728	--
Expenditures:						
Salaries and Fringe Benefits	--	--	253,031	--	187,728	--
Travel	--	--	17,969	--	--	--
Operating Expenditures	--	--	--	--	--	--
Non-Residential	--	--	--	--	--	--
Residential Services	876,396	--	--	--	--	--
Total Expenditures	876,396	--	271,000	--	187,728	--
Excess Revenues Over Expenditures	--	--	--	--	--	--
Fund Balance, Beginning of Period	--	--	--	--	--	--
Fund Balance, End of Period	\$ --	--	--	--	--	--

JUVENILE BOARD OF TARRANT COUNTY, TEXAS
TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL (REGULATORY BASIS)

Year Ended August 31, 2011

	JJAFP Start Up Operations Grant-P-2011-220		Intensive Community Based Pilot Grant-U-2011-220		JJAFP Discretionary Grant-W-2011-220	
	Budget	Variance	Budget	Actual	Budget	Actual
Revenues:						
Commission Funds	\$ 707,840	--	225,000	225,000	50,000	50,000
Interest	--	--	--	--	--	--
Total Revenue	707,840	--	225,000	225,000	50,000	50,000
Expenditures:						
Salaries and Fringe Benefits	--	--	85,881	85,881	--	--
Travel	--	--	643	643	--	--
Operating Expenditures	--	--	--	--	--	--
Non-Residential	707,840	--	138,476	138,476	50,000	50,000
Residential Services	--	--	--	--	--	--
Total Expenditures	707,840	--	225,000	225,000	50,000	50,000
Excess Revenues Over Expenditures	--	--	--	--	--	--
Fund Balance, Beginning of Period	--	--	--	--	--	--
Fund Balance, End of Period	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

JUVENILE BOARD OF TARRANT COUNTY, TEXAS
TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL (REGULATORY BASIS)

Year Ended August 31, 2011

	Intensive Community Based Program Grant-X-2011-220		Community Corrections Grant-Y-2011-220		Salary Adjustment Grant-Z-2011-220	
	Budget	Variance	Budget	Variance	Budget	Variance
Revenues:						
Commission Funds	\$ 224,383	219,426	(4,957)	1,772,467	501,598	501,598
Interest	—	—	—	—	—	—
Total Revenue	224,383	219,426	(4,957)	1,772,467	501,598	501,598
Expenditures:						
Salaries and Fringe Benefits	214,235	213,046	1,189	920,105	501,598	501,598
Travel	10,148	6,380	3,768	9,250	—	—
Operating Expenditures	—	—	—	—	—	—
Non-Residential	—	—	—	203,016	—	—
Residential Services	—	—	—	640,096	—	—
Total Expenditures	224,383	219,426	4,957	1,772,467	501,598	501,598
Excess Revenues Over Expenditures	—	—	—	—	—	—
Fund Balance, Beginning of Period	—	—	—	—	—	—
Fund Balance, End of Period	—	—	—	—	—	—
Additional information:						
Refunds paid to the commission for the period of fiscal year 2011 September 27, 2011	\$ —	—	4,957	—	—	—

JUVENILE BOARD OF TARRANT COUNTY, TEXAS
TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (REGULATORY BASIS)

Year Ended August 31, 2011

	IV-E Contracts Grant-E-2007-220 Actual	IV-E Contracts Grant-E-2008-220 Actual	IV-E Contracts Grant-E-2009-220 Actual	IV-E Contracts Grant-E-2010-220 Actual	IV-E Contracts Grant-E-2011-220 Actual	Interest Actual
Revenues:						
Commission Funds	\$ —	—	95,972	358,294	362,900	—
Interest	—	—	—	—	7,888	2,980
Total Revenue	—	—	95,972	358,294	370,788	2,980
Expenditures:						
Salaries and Fringe Benefits	260,798	69,938	—	—	—	—
Travel	—	—	—	—	—	150
Operating Expenditures	—	47,962	—	—	—	9,000
Non-Residential	459,764	—	—	—	—	13,751
Residential Services	—	(1,800)	—	—	—	—
Total Expenditures	720,562	116,100	—	—	—	22,901
Excess Revenues Over Expenditures	(720,562)	(116,100)	95,972	358,294	370,788	(19,921)
Fund Balance, Beginning of Period	720,562	933,564	278,991	236,181	—	30,698
Fund Balance, End of Period	\$ —	817,464	374,963	594,475	370,788	10,777

See accompanying notes to financial statements.

**JUVENILE BOARD OF TARRANTY COUNTY, TEXAS
TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

(1) Summary of Significant Accounting Policies

(a) 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 (the Commission) in Tarrant County.

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

(b) Basis of Accounting

The financial statement was prepared in conformity with the accounting practices prescribed by the 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 statement is 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 statement does not represent a financial statement prepared in accordance with provisions for governmental funds as prescribed by the Governmental Accounting Standards Board.
- The accompanying financial statement is prepared in a format to facilitate uniform financial reporting by county probation departments.

**JUVENILE BOARD OF TARRANTY COUNTY, TEXAS
TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

(2) Reconciliation of Accrued Interest

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

<u>Accrued Interest</u>	<u>Interest Earned Commission Funds Fiscal Year 2011</u>	<u>Interest Earned IV-E Funds Fiscal Year 2011</u>	<u>Total Interest</u>
Beginning Balance – September 1, 2010	\$ 30,698	85,964	116,662
Interest Accrued on Funds Received From the Period of 9/01/10 – 8/31/11	2,980	7,888	10,868
Total Accrued Interest at August 31, 2011	33,678	93,852	127,530
Minus Interest Expenditures in FY 2011	22,901	—	22,901
Ending Balance – August 31, 2011	<u>\$ 10,777</u>	<u>93,852</u>	<u>104,629</u>

(3) Operating Cost for a Secure Juvenile Facility

The Juvenile Board of Tarrant County does not operate a secure juvenile facility.

(4) Federal Financial Assistance

The Texas Juvenile Probation Commission administers, along with the Texas Department of Family and Protective Services, the Title IV-E Program (CFDA 93.658). The Commission disburses funds to Tarrant County on a cost reimbursement basis. A confirmation of revenue received in the year ended August 31, 2011 is required and presented below. This includes receipts for direct and enhanced administrative foster care claims.

<u>Title IV-E Foster Care Contract Number</u>	<u>Amount Received (Cash Basis) August 31, 2011</u>
E-2011-220	\$ 362,900
E-2010-220	358,294
E-2009-220	95,972
	<u>\$ 817,166</u>

**JUVENILE BOARD OF TARRANTY COUNTY, TEXAS
TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

(5) 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.

<u>Contract</u>	<u>Awarded Funding</u>	<u>Expenditures</u>	<u>Unexpended Balance</u>
Grant F-FY2011:			
Progressive Sanctions JPO:			
A. Basic PSO Fiscal Year 98-99 \$27,567	\$ 220,536	220,536	—
B. Basic PSO Fiscal Year 96-97 \$22,179	399,222	399,222	—
Grant O-FY2011:			
Progressive Sanctions ISJPO:			
A. ISP PSO Fiscal Year 98-99 \$27,240	81,720	81,720	—
B. ISP PSO Fiscal Year 96-97 \$26,502	106,008	106,008	—
	<u>\$ 807,486</u>	<u>807,486</u>	<u>—</u>

(6) Salary Adjustment

Funding for the Salary Adjustment, Z-FY2011 is clearly restricted. Assurance testing is based on the following grant assurance.

The grant funds made available for salary adjustments under Article IV of this grant were used only to provide salary adjustments not exceeding \$3,000 for eligible full-time certified juvenile probation officers and \$1,500 for eligible full-time certified juvenile detention/supervision officers including fringe benefits. All funds not used for this purpose were returned to the Commission in accordance with the Unexpended Balances and Refunds Due provisions of the General Grant requirements.

Total Population	194 Certified Juvenile Probation Officers
	0 Detention and Supervision Officers
Sample Size	15 Certified Juvenile Probation Officers
	0 Detention and Supervision Officers

**JUVENILE BOARD OF TARRANTY COUNTY, TEXAS
TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS**

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2011

All positions tests for compliance with contract assurance shown above were correctly certified and paid. Tarrant County awards the salary adjustment exclusively to Juvenile Probation Officers, therefore the population was limited to those types of officers.

JUVENILE BOARD OF TARRANTY COUNTY, TEXAS
TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2011

Current Year Findings

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

Prior Year Findings

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