BK 208 PG 760



SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

February 11, 2020

To the Juvenile Probation Board of
Jack and Wise Counties, Texas

We have audited the financial statements of the Texas Juvenile Justice Department Grant Funds of Jack and Wise Counties, Texas (a Special Revenue Fund of Wise County, Texas) for the year ended August 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 20, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Texas Juvenile Justice Department Grant Funds of Jack and Wise Counties, Texas (Department) are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2019. We noted no transactions entered into by the Department during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, if any. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 11, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Department's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Department's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on supplementary information, which accompanies the financial statements. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the 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, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board and management of the Texas Juvenile Justice Department Grant Funds of Jack and Wise Counties, Texas and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Snow Garrett Williams

Snow Garrett Williams

BK 208 PG 763

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

(A SPECIAL REVENUE FUND OF WISE COUNTY, TEXAS)

ANNUAL AUDIT

AUGUST 31, 2019

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

(A Special Revenue Fund of Wise County, Texas)
Annual Financial Report
August 31, 2019

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SNOWGARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Texas Juvenile Justice Department Grant Funds of Jack and Wise Counties, Texas (a Special Revenue Fund of Wise County, Texas), which comprise the combined balance sheet as of August 31, 2019 and the combined statement of revenues, expenditures and changes in fund balance - budget and actual - regulatory basis for the year ended August 31, 2019 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the 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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Texas Juvenile Justice Department Grant Funds of Jack and Wise Counties, Texas (a Special Revenue Fund of Wise County, Texas) as of August 31, 2019, and the revenue 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, 2019, 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 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 of the Department are intended to present the financial position and the results of operations of the Department's Texas Juvenile Justice Department Grant Funds only that are attributable to the transactions of the Department. They do not purport to, and do not present fairly the financial position of Wise County, Texas as of August 31, 2019 or its results of operations for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the accompanying financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2020, 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* in considering the Juvenile Probation Department of Jack and Wise Counties, Texas' 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 11, 2020

BK 208 PG 768

FINANCIAL STATEMENTS

Texas Juvenile Justice Department Grant Funds
of Jack and Wise Counties, Texas
(A Special Revenue Fund of Wise County, Texas)
Combined Balance Sheet - Regulatory Basis
August 31, 2019

Assets		
Cash and investments	$	340,943
Due from other governments		40,790
Total assets	$	381,733
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$	10,579
Accrued wages		7,782
Total liabilities		18,361
Fund Balance		363,372
Total Liabilities and Fund Balance	$	381,733

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

Texas Juvenile Justice Department Grant Funds
of Jack and Wise Counties, Texas
(A Special Revenue Fund of Wise County, Texas)
Combined Statement of Revenues, Expenditures and
Changes in Fund Balance -
Budget and Actual - Regulatory Basis
For the Fiscal Year Ended August 31, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
State Aid	$ 109,987	$ 109,987	$ -
Commitment Division	24,000	24,000	-
Community Programs	86,950	86,950	-
Pre Post Adjudications	167,057	167,057	-
Mental Health Services	25,493	25,493	-
Regional Service Enhancement Project	1,860	1,860	-
Regional Diversion	82,190	82,190	-
Title IV-E Federal Foster Care Program	58,908	60,768	1,860
Local Revenues:			
Jack County	34,425	34,425	-
Wise County	300,000	300,000	-
Child Support	5,932	5,932	-
Interest Income	6,337	6,337	-
Total Revenues	903,139	904,999	1,860
Expenditures:			
Local Budget	401,874	326,534	75,340
Basic Probation Supervision	109,987	109,987	-
Community Programs	86,950	86,950	-
Pre Post-Adjudications	252,975	252,975	-
Commitment Diversion	24,000	24,000	-
Mental Health Services	25,493	25,493	-
Region	1,860	1,860	-
Total Expenditures	903,139	827,799	75,340
Net Change in Fund Balance	-	77,200	77,200
Fund Balance - Beginning of Year	286,172	286,172	-
Fund Balance - End of Year	$ 286,172	$ 363,372	$ 77,200

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

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NOTES TO FINANCIAL STATEMENTS

Texas Juvenile Justice Department Grant Funds
Of Jack and Wise Counties, Texas
Notes to Financial Statements
August 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

The Texas Juvenile Justice Department Grant Funds of Jack and Wise Counties, Texas (a Special Revenue Fund of Wise County, Texas) 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 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.

The Juvenile Probation Department (Department) utilizes one fund, a Special Revenue Fund, which is used to account for all financial resources. A fund is described as a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The financial statements are presented in accordance with the financial reporting provisions of the Texas Juvenile Justice Department and are not intended to present the financial position or changes in financial position of Wise County, Texas.

(b) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements were prepared in conformity with the accounting practices prescribed by TJJD, 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.

(c) Budgeting

Budgets are adopted on the regulatory basis of accounting. The budgeted amounts presented in these statements are as originally adopted, or as amended by, the Department and submitted to TJJD.

Texas Juvenile Justice Department Grant Funds
Of Jack and Wise Counties, Texas
Notes to Financial Statements
August 31, 2019

NOTE 2: RECONCILIATION OF INTEREST EARNED

The following is presented in accordance with Chapter 341 of the Texas Administrative Code Sec. 6(f) relating to *Investment of Idle Funds Requirements* which states that interest accrued on funds received from TJJD should be generated income and should be reported to the Commission as such.

Jack and Wise Counties contributed $34,425 and $300,000, respectively. It is deemed that all expenditures are made from State monies first; therefore, there are no idle funds and no accrued interest as of August 31, 2019.

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 administers along with the Texas Department of Family and Protective Services, the Title IV-E Program (CFDA 93.658). TJJD disburses funds to the Department on a cost reimbursement basis. A confirmation of revenue receipted in the year ending August 31, 2019 is required and presented below. This includes receipts for direct and enhanced administrative foster care claims.

	Amount Received (Cash Basis) August 31, 2019
Title IV-E Contract Number	
E-2018-249	$ 14,412
E-2019-249	27,712
Total	$ 42,124

Texas Juvenile Justice Department Grant Funds
Of Jack and Wise Counties, Texas
Notes to Financial Statements
August 31, 2019

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 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, 2019 is required and presented below:

	Local Funding Expended (less construction and capital outlay)	
Fiscal year 2019	$	324,674
Fiscal year 2006	$	199,576

The juvenile probation department certified the financial match requirements were fulfilled in fiscal year 2019.

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, 2019 is required and presented below:

	Amount Received (Cash Basis) August 31, 2019	
Grant R - Regional Diversion Alternatives Contract Number		
R-2018-249	$	21,587
R-2019-249		60,764
Total	$	82,351

NOTE 7: DEPOSITS, SECURITIES AND INVESTMENTS

The Department's deposits were held by the First Financial Bank at August 31, 2019. The Department's cash is required to be deposited under the terms of the depository contract of Wise County, Texas. The pledging of securities is maintained at the Wise County level. See the Annual Financial Report for Wise County, Texas for the fiscal year ended September 30, 2019 for more information.

The Department invests its funds according to the Wise County Investment Policy. As of August 31, 2019, the Department had $140,500 invested in Texas Local Government Investment Pool (TexPool), which is a local government pool, established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. See the Annual Financial Report for Wise County, Texas for the fiscal year ended September 30, 2019 for more information.

Texas Juvenile Justice Department Grant Funds
Of Jack and Wise Counties, Texas
Notes to Financial Statements
August 31, 2019

NOTE 8: DEFINED BENEFIT PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Through Wise County, the Department participates in a nontraditional defined benefit pension plan administered by the Texas County and District Retirement System (TCDRS). Details of the retirement plan can be found in the Wise County Annual Financial Report for the year ended September 30, 2019.

In addition, through Wise County, the Department participates in a cost-sharing multiple employer defined benefit group-term life insurance plan operated by TCDRS. This plan is referred to as the Group Term Life Fund (GTLF). Details of the other postemployment benefits plan can be found in the Wise County Annual Financial Report for the year ended September 30, 2019.

NOTE 9: SUBSEQUENT EVENTS

The Department has evaluated subsequent events through February 11, 2020, the date the financial statements were available to be issued, and nothing requiring disclosure was noted.

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SUPPLEMENTAL INFORMATION

Texas Juvenile Justice Department Grant Funds
of Jack and Wise Counties, Texas
(A Special Revenue Fund of Wise County, Texas)
Statement of Revenues, Expenditures and
Changes in Fund Balance by Contract - Budget and Actual - Regulatory Basis
For the Fiscal Year Ended August 31, 2019

	Grant A-2019-249			Grant R-2019-249		
	Final Budget	2019 Actual	Variance	Final Budget	2019 Actual	Variance
Revenues:						
TJJD Funds	$ 413,487	$ 413,487	$ -	$ 1,860	$ 1,860	$ -
Total Revenues	413,487	413,487	-	1,860	1,860	-
Expenditures:						
Basic Probation Supervision	109,987	109,987	-	-	-	-
Community Programs	86,950	86,950	-	-		-
Pre Post-Adjudications	167,057	167,057	-	-	-	-
Commitment Diversion	24,000	24,000	-	-	-	-
Mental Health Services	25,493	25,493	-	-	-	-
Region	-	-	-	1,860	1,860	-
Total Expenditures	413,487	413,487	-	1,860	1,860	-
Net Change in Fund Balance	-	-	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -	$ -	$ -

Additional Information: Refunds paid to TJJD

	$ -	August 7, 2019	$ 2,786

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

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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, Texas (a Special Revenue Fund of Wise County, Texas) as of and for the year ended August 31, 2019, and the related notes to the financial statements which collectively comprise the Department's financial statements, and have issued our report thereon dated February 11, 2020.

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 opinion 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 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.

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Texas Juvenile Justice Department Grant Funds
Of Jack and Wise Counties, 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.

Snow Garrett Williams

Snow Garrett Williams
February 11, 2020

Texas Juvenile Justice Department Grant Funds
Of Jack and Wise Counties, Texas
(A Special Revenue Fund of Wise County, Texas)
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended August 31, 2019

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

Texas Juvenile Justice Department Grant Funds
Of Jack and Wise Counties, Texas
(A Special Revenue Fund of Wise County, Texas)
Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended August 31, 2019

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