

***CALDWELL COUNTY JUVENILE  
PROBATION DEPARTMENT***

***AUDIT OF CONTRACT FUNDS***

***FOR THE YEAR ENDED  
AUGUST 31, 2022***



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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Members of the Board  
Caldwell County Juvenile Probation Board  
Caldwell County, Texas

We have audited the accompanying financial statements of the Texas Juvenile Justice Department Grant Funds of Caldwell County Juvenile Probation Department (Department), which comprise the 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.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Texas Juvenile Justice Department. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and the standards applicable to financial audits contained in *Generally Accepted Government Auditing Standards* issued by the United States Government Accountability Office. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 Department'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 Department'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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, 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, 2022, in accordance with the financial reporting provisions of the Texas Juvenile Justice Department as described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the Texas Juvenile Justice Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of Texas Juvenile Justice Department. Our opinion is not modified with respect to this matter.

## **Emphasis of Matter**

As discussed in Note 1, the financial statement presents the results of operations of the Department's Texas Juvenile Justice Department Grant Funds only and is not intended to present fairly the results of operations of Caldwell County or the Caldwell County Juvenile Probation Department in conformity with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Generally Accepted Government Auditing Standards*, we have also issued our report dated February 8, 2023, 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 *Generally Accepted Government Auditing Standards* in considering Caldwell County Juvenile Probation Department's internal control over financial reporting and compliance.

## **Restriction on Use**

This report is intended solely for the information and use of management, Caldwell County, others within Caldwell County Juvenile Probation Department and the Texas Juvenile Justice Department and is not intended to be and should not be used by anyone other than these specified parties.



Armstrong, Vaughan & Associates, P.C.

February 8, 2023

CALDWELL COUNTY  
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BY CONTRACT – BUDGET AND ACTUAL (REGULATORY BASIS)  
FOR THE YEAR ENDED AUGUST 31, 2022

	STATE AID GRANT A - 2022 - 028			STATE AID GRANT R&N - 2022 - 028		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
TJJD Funds	\$ 396,331	\$ 396,331	\$ -	\$ 5,364	\$ 5,364	\$ -
<b>TOTAL REVENUES</b>	<u>396,331</u>	<u>396,331</u>	<u>-</u>	<u>5,364</u>	<u>5,364</u>	<u>-</u>
<b>EXPENDITURES</b>						
Basic Supervision Services	166,321	166,321	-	-	-	-
Community Programs	105,449	105,449	-	-	-	-
Pre & Post Adjudication	66,383	66,383	-	-	-	-
Commitment Diversion	40,662	40,662	-	-	-	-
Mental Health Services	17,516	17,516	-	-	-	-
Regional Diversion Alternatives	-	-	-	5,364	5,364	-
<b>TOTAL EXPENDITURES</b>	<u>396,331</u>	<u>396,331</u>	<u>-</u>	<u>5,364</u>	<u>5,364</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	-	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CALDWELL COUNTY  
NOTES TO STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE  
FOR THE YEAR ENDED AUGUST 31, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Entity**

The Texas Juvenile Justice Department Grant Funds of Caldwell County (the Funds) were established to account for juvenile probation services funded by the Texas Juvenile Justice Department (TJJD) in Caldwell County.

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.

Caldwell County Juvenile Probation Department is a specialized local entity in Caldwell County, Texas. The State provides specific grants for funding select operations of this Department. This audit is solely for the purpose of ensuring that state grants to this department were received and dispersed in accordance with the specific state grant procedures and policies.

**B. Accounting Policies**

The accounting policies of the Caldwell County Juvenile Probation Department are prepared in a format to facilitate uniform financial reporting by county probation departments and do not present financial data in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board.

**C. Basis of Accounting**

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. The regulatory basis was used to comply with the reporting rules and regulations of the Texas Juvenile Justice Department. 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 statement does not represent financial statements prepared in accordance with provisions for governmental funds as prescribed by the Governmental Accounting Standards Boards.
- The accompanying statement is prepared in a format to facilitate uniform financial reporting by county probation departments.

CALDWELL COUNTY JUVENILE PROBATION DEPARTMENT  
NOTES TO STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED AUGUST 31, 2022

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**D. Fiscal Years**

All grants audited had a fiscal year of September 1 to August 31.

**E. Refund Owed to State**

At year end, the Texas Juvenile Justice Department requires any unused grant funds be refunded to the state. As of August 31, 2022, there are no refunds owed to the state. However, see the Schedule of Findings and Questioned Costs finding no. 2022-1.

**NOTE 2: RECONCILIATION OF INTEREST EARNED**

During the course of the year the Department had idle funds. Idle funds are invested in an interest bearing account. 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 shall be considered generated income and shall be reported to TJJD as such.

	Interest Earned TJJD Funds FY 2022	Interest Earned Title IV - E FY 2022	Total Interest
Beginning balance, September 1, 2021	\$ -	\$ 43,235	\$ 43,235
Interest earned on funds received from the period of 9/1/21 - 8/31/22	<u>6,110</u>	<u>432</u>	<u>6,542</u>
Total interest at August 31, 2022	6,110	43,667	49,777
Minus interest expenditures in FY 2022	<u>(6,110)</u>	<u>-</u>	<u>(6,110)</u>
Ending balance, August 31, 2022	<u><u>\$ -</u></u>	<u><u>\$ 43,667</u></u>	<u><u>\$ 43,667</u></u>

**NOTE 3: OPERATING COSTS FOR A SECURE JUVENILE FACILITY**

The Department does not operate a secure juvenile facility.

CALDWELL COUNTY JUVENILE PROBATION DEPARTMENT  
NOTES TO STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE (CONTINUED)  
FOR THE YEAR ENDED AUGUST 31, 2022

**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 Caldwell County Juvenile Probation Department on a cost reimbursement basis. A confirmation of revenue receipted in the year ending August 31, 2022, is required; however, the Department did not receive any Federal financial assistance or receipts for direct and enhanced administrative foster care claims during the year ended August 31, 2022.

**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 September 30, 2022 is required and presented below:

	Local Funding Expended (Less Construction and Capital Outlay)	
FY 2022	\$	504,508
FY 2006	\$	184,290

Caldwell County Juvenile Probation Department's financial match requirements were fulfilled in FY 2022.

**NOTE 6: STATE FINANCIAL ASSISTANCE**

The Caldwell County Juvenile Probation Department did not receive funds for the JJAEP Juvenile Reimbursement Grant funds, Grant W Juvenile Justice Alternative Education Program Discretionary Grant funds or Grant R-Travis County JPD Regionalization Program Reimbursement Grant funds during the year ended August 31, 2022.

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

Contract Number	Amount Received (Cash Basis) August 31, 2022
R-2022-028	\$ 110,316
Total	<u>\$ 110,316</u>





Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

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*

INDEPENDENT AUDITOR'S REPORT

Members of the Board  
The Caldwell County Juvenile Board  
Caldwell County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Generally Accepted Government Auditing Standards*, issued by the Government Accountability Office, the financial statements of the Texas Juvenile Justice Department grant funds of Caldwell County Juvenile Probation Department, and have issued our report thereon dated February 8, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Caldwell County Juvenile Probation 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 and compliance with 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 Target Grant requirements.

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 Department'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 based on the scope of the audit.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caldwell County Juvenile Probation 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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

The results of our tests disclosed the following deficiency:

Item of Deficiency	Summary of Deficiency	Amount of Funds in Question
Salaries - Grant A	Entity's controls were not sufficient to ensure allowability and proper authorization of salary rate increases in FY 2022.	\$725

Respectfully submitted,



Armstrong, Vaughan & Associates, P.C.

February 8, 2023

CALDWELL COUNTY JUVENILE PROBATION DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2022

FINDING NO. 2022-1

Affected Grant

Grant A – 2022 – 028

Criteria

Grant funds shall not be expended for the salary of any individual personnel whose annual salary rate exceeds 108% of his or her salary rate from the previous fiscal year unless prior authorization for such use is provided by TJJD.

Condition

The fiscal year 2022 salary of a staff member exceeded 108% of their salary from fiscal year 2021. The department did not obtain authorization for the salary rate increase, nor was the rate adjustment due to a promotion.

Cause

Management was unaware of the TJJD requirement that the salary could not be increase more than 8% without prior authorization from TJJD.

Effect

An employee received a 10% increase in pay which resulted in an additional \$725 pay over the twelve month period. There was no prior authorization from TJJD to approve the increase.

Recommendation

The individual responsible for approving salary expenditures should review the annual rate increases and obtain authorization from TJJD for salary adjustments in excess of 8%.

Questioned Cost

As a result of this finding, a refund of \$725 may be owed to TJJD.

Corrective Action Plan/ Management Response

The department was unaware of the unallowable expense per TJJD grant requirements. The Chief Juvenile Probation Officer notified TJJD via email on January 25, 2023 prior to the independent audit being completed. 10% salary increase was provided to the lowest paid employee of the department while the other 8 employees received 3%. It is notable that TJJD is in the process of removing this section of unallowable expenditures but is required to do so through the Texas legislature. The Chief Juvenile Probation Officer will ensure that department attends trainings provided by TJJD in regards to contract requirements.

Person Responsible for Resolution of Finding

Jay Monkerud, Chief Juvenile Probation Officer

Target Completion Date

Immediate

CALDWELL COUNTY JUVENILE PROBATION DEPARTMENT  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2022

There were no findings or questioned costs in the prior year. However, an audit of the Texas Juvenile Justice Department Grant funds of Caldwell County was not performed in the prior year as the Department received an exemption from TJJD.

