

***CALDWELL COUNTY JUVENILE
PROBATION DEPARTMENT***

AUDIT OF CONTRACT FUNDS

***FOR THE YEAR ENDED
AUGUST 31, 2024***



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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Judge Richards Hicks
The Juvenile Board of Caldwell County, Texas
Caldwell County, Texas

Report on the Audit of the Aggregate Financial Statement

Opinion

We have audited the aggregate statement of revenues, expenditures and changes in fund balance – budget and actual - regulatory basis (the “aggregate financial statement”) of the Texas Juvenile Justice Department Grant Funds of Caldwell County, Texas (the ‘Department’) for the year ended August 31, 2024 and the related notes to the aggregate financial statement, which collectively comprise the Department’s aggregate financial statement as listed in the table of contents.

In our opinion, the accompanying aggregate financial statement referred to above represent fairly, in all material respects, the revenues earned and expenditures incurred compared to budgeted revenues and expenditures of the Department for the year ended August 31, 2024 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Aggregate Financial Statement section of our report. We are required to be independent of Caldwell County, Texas (the ‘County’) 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 aggregate financial statement, which describes the basis of accounting. The aggregate financial statement is prepared on the basis of the financial reporting provisions of 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 this matter.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Presentation

As discussed in Note 1, the aggregate financial statement of the Department is intended to present the revenues earned and expenditures incurred and changes in fund balance budget and actual of only that portion of the government activities, each major fund and the aggregate remaining fund information of the County that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the County as of August 31, 2024, or the changes in financial position 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.

Responsibilities of Management for the Aggregate Financial Statement

Management is responsible for the preparation and fair presentation of the aggregate financial statement in accordance with financial reporting provisions of TJJJD; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of aggregate financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, 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 Statement

Our objectives are to obtain reasonable assurance about whether the aggregate financial statement as a whole is 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 GAAS 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 aggregate financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the aggregate financial statement, 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 aggregate financial statement.
- 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 aggregate financial statement.

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

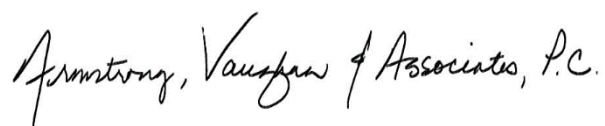
Our audit was conducted for the purpose of forming an opinion on the aggregate financial statement as a whole. The accompanying supplementary information, representing the individual grant information, is presented for purposes of additional analysis and is not a required part of the aggregate financial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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2025 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, and 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 reporting 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 on Use

Our report is intended solely for the information and use of the TJJD, the Caldwell County Juvenile Board, Caldwell County Commissioners Court, and others within the Department and is not intended to be should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

February 12, 2025

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, 2024

	STATE AID GRANT A - 2024 - 028			STATE AID GRANT R&N - 2024 - 028		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
TJJD Funds	\$ 515,250	\$ 515,250	\$ -	\$ 5,364	\$ 5,364	\$ -
TOTAL REVENUES	<u>515,250</u>	<u>515,250</u>	<u>-</u>	<u>5,364</u>	<u>5,364</u>	<u>-</u>
EXPENDITURES						
Basic Supervision Services	204,161	204,161	-	-	-	-
Community Programs	255,946	255,946	-	5,364	5,364	-
Pre & Post Adjudication	55,143	55,143	-	-	-	-
Commitment Diversion	-	-	-	-	-	-
Mental Health Services	-	-	-	-	-	-
Regional Diversion Alternatives	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>515,250</u>	<u>515,250</u>	<u>-</u>	<u>5,364</u>	<u>5,364</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-
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
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BY CONTRACT – BUDGET AND ACTUAL (REGULATORY BASIS) (CONT.)
FOR THE YEAR ENDED AUGUST 31, 2024

	STATE AID GRANT S&E - 2024 - 028		
	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
TJJD Funds	\$ 4,348	\$ 4,348	\$ -
TOTAL REVENUES	<u>4,348</u>	<u>4,348</u>	<u>-</u>
EXPENDITURES			
Basic Supervision Services	-	-	-
Community Programs	-	-	-
Pre & Post Adjudication	4,348	4,348	-
Commitment Diversion	-	-	-
Mental Health Services	-	-	-
Regional Diversion Alternatives	-	-	-
TOTAL EXPENDITURES	<u>4,348</u>	<u>4,348</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CALDWELL COUNTY
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BY CONTRACT – BUDGET AND ACTUAL (REGULATORY BASIS) (CONT.)
FOR THE YEAR ENDED AUGUST 31, 2024

	STATE AID SALARY ADJUSTMENT GRANT - 2024 - 028		
	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
TJJD Funds	\$ 30,081	\$ 30,081	\$ -
TOTAL REVENUES	<u>30,081</u>	<u>30,081</u>	<u>-</u>
EXPENDITURES			
Basic Supervision Services	30,081	30,081	-
Community Programs	-	-	-
Pre & Post Adjudication	-	-	-
Commitment Diversion	-	-	-
Mental Health Services	-	-	-
Regional Diversion Alternatives	-	-	-
TOTAL EXPENDITURES	<u>30,081</u>	<u>30,081</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<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, 2024

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 (TJJJ) in Caldwell County.

The Funds provide separate accountability as required under the State Financial Assistance Contract, by TJJJ. 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 TJJJ, 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, 2024

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, 2024, there are no refunds owed to the state.

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 2024	Interest Earned Title IV - E FY 2024	Total Interest
Beginning balance, September 1, 2023	\$ -	\$ 44,104	\$ 44,104
Interest earned on funds received from the period of 9/1/23 - 8/31/24	<u>9,699</u>	<u>441</u>	<u>10,140</u>
Total interest at August 31, 2024	9,699	44,545	54,244
Minus interest expenditures in FY 2024	<u>(9,699)</u>	<u>-</u>	<u>(9,699)</u>
Ending balance, August 31, 2024	<u><u>\$ -</u></u>	<u><u>\$ 44,545</u></u>	<u><u>\$ 44,545</u></u>

NOTE 3: OPERATING COSTS FOR A SECURE JUVENILE FACILITY

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 Caldwell County Juvenile Probation Department on a cost reimbursement basis. A confirmation of revenue receipted in the year ending August 31, 2024, 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, 2024.

CALDWELL COUNTY JUVENILE PROBATION DEPARTMENT
NOTES TO STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2024

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, 2024 is required and presented below:

	Local Funding Expended (Less Construction and Capital Outlay)
FY 2024	\$ 683,084
FY 2022	\$ 504,508

Caldwell County Juvenile Probation Department's financial match requirements were fulfilled in FY 2024.

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, 2024.

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, 2024 is required and presented below.

Contract Number	Amount Received (Cash Basis) August 31, 2024
R - 2023 - 028	\$ 53,048
R - 2024 - 028	101,954
Total	<u>\$ 155,002</u>

The Texas Juvenile Justice Department provided the County the following SB30 Detention Supplement. A confirmation of revenue receipted in the year ending August 31, 2024, is required and presented below.

Fiscal Year (Non-Contract)	Amount Received (Cash Basis) August 31, 2024
2024	<u>\$ 13,079</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

Honorable Judge Richard Hicks
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 12, 2025.

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.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's aggregate financial statement is free from material statements, 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 aggregate financial statement. However, providing an opinion on a 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2024-1.

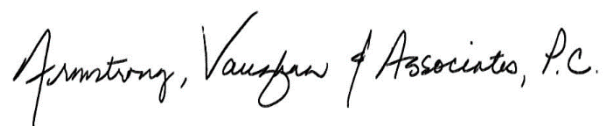
Caldwell County Juvenile Probation Department's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Caldwell County Juvenile Probation Department's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Caldwell County Juvenile Probation Department's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Department'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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.
February 12, 2025

CALDWELL COUNTY JUVENILE PROBATION DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2024

FINDING NO. 2024-1

Affected Grants

Grant A – 2024 – 028

Salary Adjustment Grant – 2024 – 028

Supplemental and Emergent – 2024 – 028

Criteria

The State Aid and Targeted Grants Contract and General Grant Requirements issued by the Texas Juvenile Justice Department require separate accountability for the receipt and expenditure of all grant funds under the Contract maintained for each grant from which the Grantee receives funds. Additionally, all county and state transactional funds, revenues, and expenses are required to be separated.

Condition

Grant A, Salary Adjustment Grant and Supplemental & Emergent grant expenditures are combined with local expenditures in the general ledger accounts.

Cause

There was an increase in the state aid grant money given to the County. The County spread the money out over fringe benefits and salary which is paid by the state. The monthly journal entries were not prepared and posted to move the state aide money to the separate GL line items. Those separate GL expense line items are already created in the accounting system. The Caldwell County Juvenile Probation Department failed to enter the journal entries monthly that were required to separate the grant and local funds.

Effect

Grant funded expenditures and locally funded expenditures are not separated on the accounting ledger. Adjustments to separate the grant expenditures were prepared and posted to prepare the aggregate financial statement and agree with expenditures reported to TJJD.

Recommendation

Create a separate TJJD grants fund in the accounting system with separate general ledger accounts to track grant activity separately from locally funded activity.

Questioned Cost

None.

Corrective Action Plan/ Management Response

Journal Entries will be prepared and corrected starting in FY2025.

Person Responsible for Resolution of Finding

Danie Teltow, County Auditor

Target Completion Date

February 26, 2025

CALDWELL COUNTY JUVENILE PROBATION DEPARTMENT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2023

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.

