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**HUNT COUNTY JUVENILE
PROBATION DEPARTMENT**

**TEXAS JUVENILE JUSTICE DEPARTMENT
GRANT FUNDS**

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2023

RUTHERFORD, TAYLOR & COMPANY, P.C.
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**HUNT COUNTY JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2023**

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INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

Juvenile Board of Hunt County, Texas
Report on the Audit of the Financial Statement

Opinion

We have audited the Statement of Revenue, Expenditures, and Changes in Fund Balance by Contract Budget (regulatory basis) and actual (financial statement) of the Texas Juvenile Justice Department Grant Fund of Hunt County, Texas (Department) for the year ended August 31, 2023, the related notes to the financial statement, which collectively comprise the Department's financial statements as listed in the table of contents. In our opinion, the accompanying financial statements referred to above represents fairly, in all material respects, the revenue earned, and expenditures incurred compared to budget revenues and expenditures of the Department for the year ended August 31, 2023 in accordance 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Hunt County, Texas (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 – Basic Accounting

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

Emphasis of Matter – Presentation

As discussed in Note 1, the 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 attributed 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, 2023 or the changes in financial position for the year then ended in accordance with account principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of TJJD; and for the design, implementation, and maintenance of internal controls 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 for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the 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 judgement made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the 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 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 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 financial statement as a whole. The accompanying supplementary information, representing the individual grant information, is presented for purpose of additional analysis and is not a required part of the 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain 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 presented, in all material respects, in relation to the 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 2, 2024, 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 solely to describe the scope of our testing and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Restriction of Use

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



February 2, 2024
Greenville, Texas

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**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**

Members of the Board

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 Hunt County Juvenile Probation Department, and have issued our report thereon dated February 2, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, and compliance with provisions of laws, regulations, contracts, grant agreements or instances of fraud, including the specific financial assurances contained in Section VIII.J. of the General Grant Requirements, 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 a 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.

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*.

Report on Internal Control – Continued

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

Rutherford, Taylor & Company PC

February 2, 2024
Greenville, Texas

**HUNT COUNTY JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2023**

Financial Statement Findings (Section I)

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

HUNT COUNTY JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2023

Prior Year Findings (Section II)

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

REGULATORY BASIS
FINANCIAL STATEMENTS

HUNT COUNTY JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE PROBATION COMMISSION GRANT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (REGULATORY BASIS) AND ACTUAL
YEAR ENDED AUGUST 31, 2023

DIVERSIONARY PROGRAM # TJPC-H-2012-116

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Grant DSACP - Community Programs	\$ 60,000	\$ 60,000	\$ -
Grant Risk & Needs - Risk & Needs Assessment	6,035	6,035	-
State Aid	618,902	583,902	(35,000)
Total Revenue	\$ 684,937	\$ 649,937	\$ (35,000)
EXPENDITURES			
Salary and Fringe Benefits	\$ 341,447	\$ 331,447	\$ 10,000
Operating Expenditures	1,100	1,100	-
External Contracts	134,437	109,437	25,000
Inter County Contracts	207,953	207,953	-
Total Expenditures	\$ 684,937	\$ 649,937	\$ 35,000
Excess (Deficiency) of Revenues Over Expenditures	\$ -	\$ -	-
Beginning Fund Balance - (September 1)	-	-	-
Prior Period Adjustments	-	-	-
Ending Fund Balance - (August 31)	\$ -	\$ -	\$ -

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

**HUNT COUNTY JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

A. Summary of Significant Accounting Policies

The regulatory basis financial statements of the Hunt County Juvenile Probation Department's (Department) Texas Juvenile Justice Department Grant Funds have been prepared in conformity with the regulatory basis of accounting principles required by the Texas Juvenile Justice Department (TJJJ) which is a comprehensive basis of accounting other than generally accepted accounting principles (OCBOA) as described below. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Department's policies are described below:

1. **Reporting Entity**

The Hunt County Juvenile Probation Board has governance responsibilities over all activities related to juvenile probation activities within Hunt County, Texas. The Juvenile Board is comprised of the county judge, county court at law judges, and district judges within Hunt County, Texas.

The Department is included in the annual financial report of Hunt County, Texas which is another governmental "reporting entity" as defined by GASB in its Statement No. 14, *The Financial Reporting Entity*. There are no component units included within the reporting entity.

2. **Basis of Presentation – Fund Accounting**

Department accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The Department has established fund groups that are organized by subfunds within a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues and expenditures. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. The fund types and funds utilized by the Department are described below:

a. **Governmental fund types include the following –**

Special Revenue Funds – are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

3. **Basis of Accounting**

The financial statements were prepared in conformity with the accounting practices prescribed by the TJJJ, which prescribes policies and procedures for county probation departments, which is a comprehensive basic of accounting other than generally accepted accounting principles. These accounting principles 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 GASB.
- The accompanying financial statements are prepared in a format to facilitate uniform financial reporting by county probation departments.

**HUNT COUNTY JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

A. Summary of Significant Accounting Policies (Continued)

4. Budgetary Data

Budgets are adopted on a basis consistent with the accounting basis used by the Department. Annual appropriated budgets are adopted for state funded programs. All grants have budgets approved by TJJD and any amendments to grant funds must be approved by TJJD. During the year, minor amendments were approved and they were not significant.

B. Employee Retirement Plan

Employees of the Department participate in the Hunt County (County) employee retirement plan administered by the Texas County and District Retirement System (TCDRS). The County adopted GASB Statements 68 and 71. Separate information concerning the juvenile probation department is not available. Combined information about the County's participation in the TCDRS is contained within the County's audited financial statements which are available from the Hunt County Auditor.

C. Commitments and Contingencies

The Department participates in numerous state grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Department has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at year end may be impaired. In the opinion of the Department, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statement for such contingencies.

D. Risk Management

The Department is exposed to various risks of loss related to torts', theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the Department purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

E. Litigation

The Department appears to have no litigation pending at year end.

F. Reconciliation of Accrued Interest Earned

The Department did not have idle funds that earned interest during the year. The TJJD funds are deposited into a demand account.

**HUNT COUNTY JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

G. Cash Deposits

The Department's cash is maintained and monitored by the Hunt County Treasurer. The Department's cash balances are covered by collateral pledged by Hunt County's depository under a contractual agreement.

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the Department was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Department's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Departments' name. At year end, the Department was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the Department was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the Department was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the Department was not exposed to foreign currency risk.

H. Operating Cost for a Secure Juvenile Facility Operated by the County

The Department does not operate a secure juvenile facility.

I. Subsequent Events

The District's management has evaluated subsequent events through February 2, 2024, the date on which the financial statements were available for issue.

**HUNT COUNTY JUVENILE PROBATION DEPARTMENT
TEXAS JUVENILE JUSTICE DEPARTMENT GRANT FUNDS
NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2023**

J. 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 is required and presented below:

	Local Funding Expended <u>(less construction and capital outlay)</u>	
FY 2023	\$	644,379
FY 2006		450,000

The juvenile probation department has certified that the financial match requirements were fulfilled in FY 2023.