

**GRAYSON COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED AUGUST 31, 2009

WITH INDEPENDENT AUDITORS' REPORT

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

YEAR ENDED AUGUST 31, 2009

TABLE OF CONTENTS

	<u>Page Number</u>
COMBINED FINANCIAL STATEMENTS	
Independent Auditors' Report.....	1 – 2
Combined Statement of Financial Position.....	3
Combined Statement of Revenue, Expenditures and Changes in Fund Balance	4
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – All Diversion Target Program Funds.....	5
Individual Statements of Revenue, Expenditures and Changes in Fund Balance – Budget, Actual, and Prior Year.....	6 – 10
Notes to Financial Statements.....	11 – 13
SUPPLEMENTARY SCHEDULES	
Schedules of Differences Between Audit Report and CSCD Reports.....	14 – 18
COMPLIANCE SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	19 – 20
Schedule of Findings and Questioned Costs.....	21
Fiscal Year 2009 TDCJ-CJAD Compliance Checklist.....	22 – 23



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Grayson County Community
Supervision and Corrections Department
Grayson County, Texas

We have audited the accompanying combined financial statements of the Grayson County Community Supervision and Corrections Department, and the combining and individual funds of the Grayson County Community Supervision and Corrections Department, as of and for the year ended August 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the management of the Grayson County Community Supervision and Corrections Department. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial statements are prepared using the prescribed basis of accounting that demonstrates compliance with TDCJ-CJAD financial reporting requirements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

As discussed in Note 1, the financial statements present only the Grayson County Community Supervision and Corrections Department, and are not intended to present fairly the financial position of Grayson County, Texas, and the results of its operations in conformity with generally accepted accounting principles.

In our opinion, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Grayson County Community Supervision and Corrections Department, as of August 31, 2009, and the results of its operations for the year then ended, in conformity with the basis of accounting described in the notes. Also, in our opinion, the combining and individual funds referred to above present fairly, in all material respects, the financial position of each of the individual funds of the Grayson County Community Supervision and Corrections Department, as of August 31, 2009, and the results of operations of such funds for the year then ended in conformity with the basis of accounting described in the notes.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2010, on our consideration of Grayson County Community Supervision and Corrections 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 that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of management, others within the organization, the Grayson County Community Supervision and Corrections Department, and the Texas Department of Criminal Justice – Community Justice Assistance, and is not intended to be and should not be used by anyone other than these specified parties.

Paullida, Brown & Hill, L.L.P.

March 23, 2010

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

COMBINED STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2009

ASSETS					
	<u>Supervision</u>	<u>Community Corrections</u>	<u>Diversion Program</u>	<u>Treatment Alternatives to Incarceration</u>	<u>Total</u>
Cash	\$ <u>409,937</u>	\$ <u>21,789</u>	\$ <u>6,030</u>	\$ <u>4,698</u>	\$ <u>442,454</u>
Total Cash	<u>409,937</u>	<u>21,789</u>	<u>6,030</u>	<u>4,698</u>	<u>442,454</u>
Total Assets	<u>\$ 409,937</u>	<u>\$ 21,789</u>	<u>\$ 6,030</u>	<u>\$ 4,698</u>	<u>\$ 442,454</u>
 LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ <u>15,101</u>	\$ <u>-</u>	\$ <u>5,878</u>	\$ <u>4,698</u>	\$ <u>25,677</u>
Total Liabilities	<u>15,101</u>	<u>-</u>	<u>5,878</u>	<u>4,698</u>	<u>25,677</u>
Fund Balance	<u>394,836</u>	<u>21,789</u>	<u>152</u>	<u>-</u>	<u>416,777</u>
Total Liabilities and Fund Balance	<u>\$ 409,937</u>	<u>\$ 21,789</u>	<u>\$ 6,030</u>	<u>\$ 4,698</u>	<u>\$ 442,454</u>

The accompanying notes are an integral part of these financial statements

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**COMBINED STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED AUGUST 31, 2009

	<u>Supervision</u>	<u>Community Corrections</u>	<u>Diversion Program</u>	<u>Treatment Alternatives to Incarceration</u>	<u>Total</u>
REVENUE					
State aid	\$ 568,334	\$ 208,472	\$ 240,727	\$ 83,300	\$ 1,100,833
State aid: SAFFP	31,691	-	-	-	31,691
Community supervision fees	1,027,257	-	-	-	1,027,257
Interest income	5,737	-	-	-	5,737
Other	184	-	-	-	184
Total Revenue	<u>1,633,203</u>	<u>208,472</u>	<u>240,727</u>	<u>83,300</u>	<u>2,165,702</u>
EXPENDITURES					
Salaries and fringe benefits	1,150,519	201,369	93,701	-	1,445,589
Travel and furnished transportation	53,180	-	2,094	-	55,274
Contract services	81,823	-	141,114	87,373	310,310
Professional fees	28,159	1,526	1,838	-	31,523
Supplies and operating expenses	22,545	-	28,775	-	51,320
Facilities	14,400	-	-	-	14,400
Utilities	29,021	-	-	-	29,021
Equipment	4,419	-	-	-	4,419
Total Expenditures	<u>1,384,066</u>	<u>202,895</u>	<u>267,522</u>	<u>87,373</u>	<u>1,941,856</u>
EXCESS OF REVENUE OVER (UNDER)					
EXPENDITURES	249,137	5,577	(26,795)	(4,073)	223,846
FUND BALANCE,					
SEPTEMBER 1, 2008	163,385	16,212	13,334	-	192,931
INTERFUND TRANSFER IN (OUT)					
	(17,686)	-	13,613	4,073	-
FUND BALANCE,					
AUGUST 31, 2009	<u>\$ 394,836</u>	<u>\$ 21,789</u>	<u>\$ 152</u>	<u>\$ -</u>	<u>\$ 416,777</u>

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

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

ALL DIVERSION TARGET PROGRAM FUNDS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED AUGUST 31, 2009

	<u>Mentally Challenged Specialized Caseload</u>	<u>Outpatient Substance Abuse Program</u>	<u>Total</u>
REVENUE			
State aid	\$ 36,042	\$ 204,685	\$ 240,727
Total Revenue	<u>36,042</u>	<u>204,685</u>	<u>240,727</u>
EXPENDITURES			
Salaries and fringe benefits	49,352	44,349	93,701
Travel and furnished transportation	-	2,094	2,094
Contract services	-	141,114	141,114
Professional fees	303	1,535	1,838
Supplies and operating expenses	-	28,775	28,775
Total Expenditures	<u>49,655</u>	<u>217,867</u>	<u>267,522</u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	(13,613)	(13,182)	(26,795)
FUND BALANCE,			
SEPTEMBER 1, 2008	-	13,334	13,334
INTERFUND TRANSFER IN (OUT)			
	<u>13,613</u>	<u>-</u>	<u>13,613</u>
FUND BALANCE,			
AUGUST 31, 2009	<u>\$ -</u>	<u>\$ 152</u>	<u>\$ 152</u>

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

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL AND PRIOR YEAR**

SUPERVISION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2009

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
REVENUE				
State aid	\$ 499,849	\$ 568,334	\$ 68,485	\$ 499,849
SAFPF payments	-	31,691	31,691	22,873
Community supervision fees	914,988	1,027,257	112,269	917,869
Interest income	12,000	5,737	(6,263)	10,527
Other	-	184	184	293
Total Revenue	1,426,837	1,633,203	206,366	1,451,411
EXPENDITURES				
Salaries and fringe benefits	1,280,520	1,150,519	130,001	1,176,701
Travel and furnished transportation	47,600	53,180	(5,580)	33,465
Contract services	67,500	81,823	(14,323)	64,542
Professional fees	27,549	28,159	(610)	27,755
Supplies and operating expenses	86,800	22,545	64,255	65,640
Facilities	24,000	14,400	9,600	14,400
Utilities	35,850	29,021	6,829	29,186
Equipment	16,300	4,419	11,881	8,421
Total Expenditures	1,586,119	1,384,066	202,053	1,420,110
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(159,282)	249,137	408,419	31,301
FUND BALANCE, SEPTEMBER 1, 2008	173,000	163,385	(9,615)	148,987
INTERFUND TRANSFER IN (OUT)	(13,718)	(17,686)	(3,968)	(16,903)
FUND BALANCE, AUGUST 31, 2009	\$ -	\$ 394,836	\$ 394,836	\$ 163,385

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

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET, ACTUAL AND PRIOR YEAR**

**COMMUNITY CORRECTIONS PROGRAM
INTENSIVE SUPERVISION SERVICES**

FOR THE YEAR ENDED AUGUST 31, 2009

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
REVENUE				
State aid	\$ 203,531	\$ 208,472	\$ 4,941	\$ 216,606
Total Revenue	203,531	208,472	4,941	216,606
EXPENDITURES				
Salaries and fringe benefits	204,828	201,369	3,459	194,835
Contract services	-	-	-	4,033
Professional fees	1,526	1,526	-	1,526
Total Expenditures	206,354	202,895	3,459	200,394
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(2,823)	5,577	8,400	16,212
FUND BALANCE, SEPTEMBER 1, 2008	-	16,212	16,212	-
INTERFUND TRANSFER IN (OUT)	2,823	-	(2,823)	-
FUND BALANCE, AUGUST 31, 2009	\$ -	\$ 21,789	\$ 21,789	\$ 16,212

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

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL AND PRIOR YEAR**

**DIVERSION PROGRAM
MENTALLY CHALLENGED SPECIALIZED CASELOAD**

FOR THE YEAR ENDED AUGUST 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
REVENUE				
State aid	\$ 40,542	\$ 36,042	\$(4,500)	\$ 40,542
Total Revenue	<u>40,542</u>	<u>36,042</u>	<u>(4,500)</u>	<u>40,542</u>
EXPENDITURES				
Salaries and fringe benefits	50,333	49,352	981	57,141
Professional fees	1,104	303	801	304
Total Expenditures	<u>51,437</u>	<u>49,655</u>	<u>1,782</u>	<u>57,445</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(10,895)	(13,613)	(2,718)	(16,903)
FUND BALANCE, SEPTEMBER 1, 2008	-	-	-	-
INTERFUND TRANSFER IN (OUT)	<u>10,895</u>	<u>13,613</u>	<u>2,718</u>	<u>16,903</u>
FUND BALANCE, AUGUST 31, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL AND PRIOR YEAR**

**DIVERSION PROGRAM
OUTPATIENT SUBSTANCE ABUSE PROGRAM**

FOR THE YEAR ENDED AUGUST 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
REVENUE				
State aid	\$ 204,685	\$ 204,685	\$ -	\$ 204,685
Total Revenue	<u>204,685</u>	<u>204,685</u>	<u>-</u>	<u>204,685</u>
EXPENDITURES				
Salaries and fringe benefits	45,364	44,349	1,015	42,860
Travel and furnished transportation	2,100	2,094	6	988
Contract services	137,686	141,114	(3,428)	139,545
Professional fees	1,535	1,535	-	1,535
Supplies and operating expenses	<u>18,000</u>	<u>28,775</u>	<u>(10,775)</u>	<u>6,423</u>
Total Expenditures	<u>204,685</u>	<u>217,867</u>	<u>(13,182)</u>	<u>191,351</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	(13,182)	(13,182)	13,334
FUND BALANCE, SEPTEMBER 1, 2008	<u>-</u>	<u>13,334</u>	<u>13,334</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2009	<u>\$ -</u>	<u>\$ 152</u>	<u>\$ 152</u>	<u>\$ 13,334</u>

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

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL AND PRIOR YEAR**

**TREATMENT ALTERNATIVES TO
INCARCERATION PROGRAM**

FOR THE YEAR ENDED AUGUST 31, 2009

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
REVENUE				
State aid	\$ 83,300	\$ 83,300	\$ -	\$ 83,300
Total Revenue	83,300	83,300	-	83,300
EXPENDITURES				
Contract services	82,675	87,373	(4,698)	82,675
Professional fees	625	-	625	625
Total Expenditures	83,300	87,373	(4,073)	83,300
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	(4,073)	(4,073)	-
FUND BALANCE, SEPTEMBER 1, 2008	-	-	-	-
INTERFUND TRANSFER IN (OUT)	-	4,073	4,073	-
FUND BALANCE, AUGUST 31, 2009	\$ -	\$ -	\$ -	\$ -

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

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements include the revenue of the Grayson County Community Supervision and Corrections Department related to the receipt of funds administered by the Community Justice Assistance Division from State appropriations for Diversion Grants, Community Corrections Program Funds, the Basic Supervision Fund, Treatment Alternatives to Incarceration Program Funding, local fees collected for the use of the CSCD, and the expenditure of those funds.

Scope of Financial Statements

The accompanying financial statements of the Department are for the purpose of fulfilling requirements as set forth by the Texas Department of Criminal Justice – Community Justice Assistance Division (TDCJ-CJAD). The audit procedures applied to the records of the Department were not extended to the records of Grayson County as a whole. Thus, these financial statements do not purport to present the financial position, results of operations, or changes in financial position of Grayson County in conformity with generally accepting accounting principles.

Basis of Accounting

The accompanying financial statements are prepared in conformity with TDCJ-CJAD financial reporting requirements, which is a comprehensive basis of accounting other than generally accepted accounting principles, using the modified accrual basis of accounting in accordance with guidelines established in The Financial Management Manual for TDCJ-CJAD Funding and the TDCJ-CJAD standards. Under this basis of accounting, revenue is recorded when susceptible to accrual (i.e., both measurable and available). Expenditures are recorded when liabilities are incurred. This method of accounting is substantially the same as methods followed under accounting principles generally accepted in the United States of America.

2. FUNDING SOURCES – STATE AID

Basic Supervision

This state funding is a per capita allocation based on statistics from the previous full calendar year. The per capita formula includes felony and misdemeanor direct cases as well as felony pretrial cases and is calculated by first allocating misdemeanor funding based on the number of misdemeanor placements of the previous calendar year times \$.70 per day for 182 days. Then, the felony allocation is based on the proportion of the state's felons under direct community supervision and the pretrial supervision for the previous calendar year times funds remaining. Basic Supervision is distributed only to CSCDs.

Government Code 509.011 authorizes TDCJ-CJAD to withhold Basic Supervision funds from CSCDs that have over six months of operating funds in their fund balance at the end of a biennium. TDCJ-CJAD may adopt policies permitting a CSCD to maintain reserves in amounts greater than otherwise permitted to cover certain costs. TDCJ-CJAD may distribute these unallocated funds to other CSCDs.

Community Corrections Program Funds

This state funding is allocation-based. The funding is based on two equally assigned factors: the percentage of the state's population residing in the counties served by the Department and the percentage of all felony defendants in the state under direct community supervision by the Department. CSCDs are the only entities eligible for Community Corrections Program funds.

Government Code 501.011 authorizes TDCJ-CJAD to withhold Community Corrections Programs (formula) funds from CSCDs that have over six months of Basic Supervision operating funds in their fund balance at the end of a biennium. TDCJ-CJAD may distribute these unallocated funds to other CSCDs.

Outpatient Substance Abuse

The Outpatient Substance Abuse Program is funded via a grant from TDJC-CJAD Diversion Program. The program funds a Licensed Chemical Dependency Counselor or Qualified Counselor to perform screening and assessment of probationers suspected of having a substance abuse disorder. The balance of the funds are used to purchase outpatient abuse services, both in individual and group modalities.

(continued)

2. FUNDING SOURCES – STATE AID (Continued)

Mentally Impaired Program

The Outpatient Substance Abuse Program is funded via a grant from TDJC-CJAD Diversion Program. This grant is paired with a grant from TDJC-Texas Correctional Office on Offenders with Medical or Mental Impairments to the Mental Health-Mental Retardation Services of Texoma (MHMRST). MHMRST and the CSCD coordinate on indentifying probationers with mental health Axis 1 diagnosis of Schizophrenia, Bipolar Disorder, or Major Depression as defined by the Diagnostic Statistical Manual Version IV. The program is designed to provide intense but supportive care in order to avoid the need to revoke these offenders to the Correctional Institute Division.

Treatment Alternatives to Incarceration Programs (TAIP) Funding

The Grayson County Community Supervision and Corrections Department makes an annual application for grant funds from the Community Justice Assistance Division. As a part of the application process, the Department enters into a contract with the Community Justice Assistance Division. The contract places specific restrictions on the use of grant funds and requires, among other things, an annual audit of contract revenue and expenditures.

3. FUNDS COLLECTED BY THE CSCD FROM SOURCES OTHER THAN TDCJ-CJAD

The Department does not utilize any funds collected from sources other than TDCJ-CJAD.

4. EXCESS OF EXPENDITURES OVER BUDGET IN AN INDIVIDUAL PROGRAM

Expenditures exceeded budgeted amounts by \$14,323 for travel and furnished transportation in the Supervision Program. The amounts were offset by existing fund balance in the funds.

Expenditures exceeded budgeted amounts by \$10,775 for supplies and operating expenses in the Diversion Program – Outpatient Substance Abuse Program. The amounts were offset by existing fund balance in the funds.

SUPPLEMENTARY SCHEDULES

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS**

SUPERVISION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2009

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 568,334	\$ 568,334	\$ -
SAFPF payments	31,691	31,691	-
Community supervision fees	1,027,257	1,027,257	-
Interest income	5,737	5,737	-
Other	<u>184</u>	<u>184</u>	<u>-</u>
Total Revenue	<u>1,633,203</u>	<u>1,633,203</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	1,150,519	1,150,519	-
Travel and furnished transportation	53,180	53,180	-
Contract services	81,823	81,823	-
Professional fees	28,159	28,159	-
Supplies and operating expenses	22,545	22,545	-
Facilities	14,400	14,400	-
Utilities	29,021	29,021	-
Equipment	<u>4,419</u>	<u>4,419</u>	<u>-</u>
Total Expenditures	<u>1,384,066</u>	<u>1,384,066</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	249,137	249,137	-
FUND BALANCE, SEPTEMBER 1, 2008	163,385	163,385	-
INTERFUND TRANSFER IN (OUT)	<u>(17,686)</u>	<u>(17,686)</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2009	<u>\$ 394,836</u>	<u>\$ 394,836</u>	<u>\$ -</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS**

**COMMUNITY CORRECTIONS PROGRAM
INTENSIVE SUPERVISION SERVICES**

FOR THE YEAR ENDED AUGUST 31, 2009

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 208,472	\$ 208,472	\$ -
Total Revenue	<u>208,472</u>	<u>208,472</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	201,369	201,369	-
Professional fees	<u>1,526</u>	<u>1,526</u>	<u>-</u>
Total Expenditures	<u>202,895</u>	<u>202,895</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	5,577	5,577	-
FUND BALANCE, SEPTEMBER 1, 2008	<u>16,212</u>	<u>16,212</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2009	<u>\$ 21,789</u>	<u>\$ 21,789</u>	<u>\$ -</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS**

**DIVERSION PROGRAM
MENTALLY CHALLENGED SPECIALIZED CASELOAD**

FOR THE YEAR ENDED AUGUST 31, 2009

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 36,042	\$ 36,042	\$ -
Total Revenue	<u>36,042</u>	<u>36,042</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	49,352	49,352	-
Professional fees	<u>303</u>	<u>303</u>	<u>-</u>
Total Expenditures	<u>49,655</u>	<u>49,655</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(13,613)	(13,613)	-
FUND BALANCE, SEPTEMBER 1, 2008	-	-	-
INTERFUND TRANSFER IN (OUT)	<u>13,613</u>	<u>13,613</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2009	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS**

**DIVERSION PROGRAM
OUTPATIENT SUBSTANCE ABUSE PROGRAM**

FOR THE YEAR ENDED AUGUST 31, 2009

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 204,685	\$ 204,685	\$ -
Total Revenue	<u>204,685</u>	<u>204,685</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	44,349	44,349	-
Travel and furnished transportation	2,094	2,094	-
Contract services	141,114	141,114	-
Professional fees	1,535	1,535	-
Supplies and operating expenses	<u>28,775</u>	<u>28,775</u>	<u>-</u>
Total Expenditures	<u>217,867</u>	<u>217,867</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(13,182)	(13,182)	-
FUND BALANCE, SEPTEMBER 1, 2008	<u>13,334</u>	<u>13,334</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2009	<u>\$ 152</u>	<u>\$ 152</u>	<u>\$ -</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS**

**TREATMENT ALTERNATIVES TO
INCARCERATION PROGRAM**

FOR THE YEAR ENDED AUGUST 31, 2009

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ <u>83,300</u>	\$ <u>83,300</u>	\$ <u>-</u>
Total Revenue	<u>83,300</u>	<u>83,300</u>	<u>-</u>
EXPENDITURES			
Contract services	<u>87,373</u>	<u>87,373</u>	<u>-</u>
Total Expenditures	<u>87,373</u>	<u>87,373</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(4,073)	(4,073)	-
FUND BALANCE, SEPTEMBER 1, 2008	-	-	-
INTERFUND TRANSFER IN (OUT)	<u>4,073</u>	<u>4,073</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2009	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

COMPLIANCE SECTION



**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**

Grayson County Community
Supervision and Corrections Department
Grayson County, Texas
Georgetown, Texas

We have audited the financial statements of the Grayson County Community Supervision and Corrections Department, as of and for the year ended August 31, 2009, and have issued our report thereon dated March 23, 2010. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grayson County Community Supervision and Corrections Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grayson County Community Supervision and Corrections 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. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. Compliance with laws, regulations, contracts, and grants is the responsibility of the management of the Department. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management, and others within the organization, Grayson County Community Supervision and Corrections Department and the Texas Department of Criminal Justice, and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill, L.L.P.

March 23, 2010

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2009

Findings and Questioned Costs

None

**GRAYSON COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

FISCAL YEAR 2009 TDCJ-CJAD COMPLIANCE CHECKLIST

FOR THE YEAR ENDED AUGUST 31, 2009

Indicate whether the following compliance requirements have been met by answering "Yes," "No," or "N/A" (Not Applicable):

- Yes Separate accountability is maintained for TDCJ-CJAD funds.
- Yes Revenues and expenditures reported to TDCJ-CJAD are in agreement with, or reconcilable to, the funding recipient's accounting records and with audited expenditures in each budget category.
- Yes TDCJ-CJAD funds and locally generated revenue are expended in accordance with the Financial Management Manual for TDCJ-CJAD Funding, TDCJ-CJAD Funding and Fiscal Management Updates, TDCJ-CJAD Standards, TDCJ-CJAD Field Correspondence, TDCJ-CJAD Policy Statements, Standard and Special Grant Conditions, and applicable laws.
- Yes Proper cut-off procedures are observed at the end of each fiscal period. The cut-off date for revenue recognition and expenditure payments of FY 2009 is October 31, 2009. The modified accrual basis of accounting is used in preparing the fourth quarter reports for submission to TDCJ-CJAD.
- N/A If the CSCD serves both juveniles and adults, expenditures that benefit both juveniles and adults are prorated on an equitable basis. Determination of the method of prorating such expenditures is supported by adequate documentation.
- Yes TDCJ-CJAD funds are not used to pay judges' salaries (unless specifically approved by TDCJ-CJAD in a Program Budget, i.e., DWI Courts), community justice council members' salaries, or other court-related expenses.
- Yes Expenditures and revenue are supported by adequate documentation.
- Yes If the CSCD determines that an increase or decrease in revenue or expenditures is required, budget adjustments are submitted to TDCJ-CJAD in accordance with the Financial Management Manual for TDCJ-CJAD Funding.
- Yes Idle funds are invested according to Vernon's Texas Codes Annotated Local Government Code Section 140.003(f).
- Yes All employees with access to funds are covered by a surety bond.
- Yes Locally generated funds, and other collections, are documented with a proper receipt system.

- N/A All non-TDCJ-CJAD funded program fees are expended in accordance with applicable limitations.
- Yes All equipment is physically inventoried and adequately supported with an inventory form. Surplus equipment is disposed of in accordance with TDCJ-CJAD guidelines.
- Yes Victim Restitution Funds are accounted for in accordance with Vernon's Texas Codes Annotated Government Code Section 76.013.
- Yes TDCJ-CJAD policies regarding contracts with vendors have been followed.
- Yes All leases have received TDCJ-CJAD approval prior to the expenditures of funds.
- Yes All purchases adhere to the requirements of the Vernon's Texas Codes Annotated Local Government Code, Section 262.023 regarding competitive bids.
- Yes The CSCD has a policy regarding eligibility for employee salary merit increases.
- Yes The CSCD has an existing policy on budget approval, operates by the policy, and the policy has been approved in an open meeting by the judges charged with oversight of the CSCD (Government Code, Section 76.002, and TDCJ-CJAD's Financial Management Manual).
- Yes Does the CSCD allow offenders to pay a fee in lieu of performing Community Service Restitution (CSR) work hours, and does the CSCD have an applicable written policy allowing this?