

**GRAYSON COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
AUGUST 31, 2019**

WITH INDEPENDENT AUDITOR'S REPORT

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**GRAYSON COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

YEAR ENDED AUGUST 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Grayson County Community
Supervision and Corrections Department
Grayson County, Texas

We have audited the accompanying financial statements of the Grayson County Community Supervision and Corrections Department (CSCD), which comprise the combined statement of financial position as of August 31, 2019, the combined statement of revenue, expenditures and changes in fund balance, the combining statement of revenues, expenditures and changes in fund balance – all diversion funds, the individual statements of revenue, expenditures and changes in fund balance – budget, actual and variance for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2020.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Texas Department of Criminal Justice – Community Justice Assistance Division (TDCJ-CJAD); this includes 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
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Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, combined statement of financial position as of August 31, 2019, the combined statement of revenue, expenditures and changes in fund balance, the combining statement of revenues, expenditures and changes in fund balance - all diversion funds, the individual statements of revenue, expenditures and changes in fund balance - budget, actual and variance for the year ended August 31, 2019, and the related notes to the financial statements of Grayson County CSCD, in accordance with the financial reporting provisions of the TDCJ-CJAD 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 based on the financial reporting provisions of the TDCJ-CJAD, 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 TDCJ-CJAD. Our opinion is not modified with respect to that matter.

Emphasis of Matter

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Grayson County CSCD's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedules of Differences Between Audit Report and CSCD Reports as Submitted to TDCJ-CJAD are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2020, on our consideration of the Grayson County CSCD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and 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 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 Grayson County CSCD's internal control over financial reporting and compliance.

Restriction of Use

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

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

Waco, Texas
February 10, 2020

BASIC FINANCIAL STATEMENTS

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**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

COMBINED STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2019

ASSETS

	<u>Basic Supervision</u>	<u>Community Corrections</u>	<u>Diversion Programs</u>	<u>TAIP</u>	<u>Total</u>
Cash and Investments					
Bank balances	\$ 1,206,652	\$ 5,038	\$ 46,538	\$ -	\$ 1,258,228
Total Cash and Investments	<u>1,206,652</u>	<u>5,038</u>	<u>46,538</u>	<u>-</u>	<u>1,258,228</u>
 Total Assets	 <u>\$ 1,206,652</u>	 <u>\$ 5,038</u>	 <u>\$ 46,538</u>	 <u>\$ -</u>	 <u>\$ 1,258,228</u>

LIABILITIES AND FUND BALANCE

Liabilities					
Accounts payable	\$ 21,398	\$ -	\$ -	\$ -	\$ 21,398
Salaries payable	29,689	5,038	6,875	-	41,602
Due to TDCJ-CJAD	<u>-</u>	<u>-</u>	<u>39,663</u>	<u>-</u>	<u>39,663</u>
Total Liabilities	<u>51,087</u>	<u>5,038</u>	<u>46,538</u>	<u>-</u>	<u>102,663</u>
 Fund Balance	 <u>1,155,565</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>1,155,565</u>
 Total Liabilities and Fund Balance	 <u>\$ 1,206,652</u>	 <u>\$ 5,038</u>	 <u>\$ 46,538</u>	 <u>\$ -</u>	 <u>\$ 1,258,228</u>

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**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

COMBINED STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2019

	Basic Supervision	Community Corrections	Diversion Programs	TAIP	Total
REVENUE					
State aid	\$ 277,951	\$ 257,069	\$ 384,484	\$ 72,027	\$ 991,531
State aid: SAFPF	29,852	-	-	-	29,852
Community supervision fees	1,200,170	-	-	-	1,200,170
Payments by program participants	93,443	-	-	1,789	95,232
Interest income	28,424	-	-	-	28,424
Other revenue	39	-	-	-	39
Total Revenue	<u>1,629,879</u>	<u>257,069</u>	<u>384,484</u>	<u>73,816</u>	<u>2,345,248</u>
EXPENDITURES					
Salaries and fringe benefits	1,434,697	243,057	374,573	63,302	2,115,629
Travel and furnished transportation	64,802	-	-	4,473	69,275
Contract services for offenders	53,700	-	-	-	53,700
Professional fees	99,725	1,928	2,885	541	105,079
Supplies and operating expenses	104,251	1,274	-	5,500	111,025
Utilities	8,619	-	-	-	8,619
Equipment	26,334	-	-	-	26,334
Total Expenditures	<u>1,792,128</u>	<u>246,259</u>	<u>377,458</u>	<u>73,816</u>	<u>2,489,661</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(162,249)	10,810	7,026	-	(144,413)
OTHER FINANCING SOURCES (USES)					
Basic Supervision interfund transfer	(21,827)	-	21,827	-	-
CC interfund transfer	-	(10,810)	10,810	-	-
Total Other Financing Sources (Uses)	<u>(21,827)</u>	<u>(10,810)</u>	<u>32,637</u>	<u>-</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	<u>1,339,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,339,641</u>
Refund due to TDCJ-CJAD	<u>-</u>	<u>-</u>	<u>(39,663)</u>	<u>-</u>	<u>(39,663)</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ 1,155,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,155,565</u>

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

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**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

ALL DIVERSION PROGRAM FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Mentally Challenged Specialized Caseload</u>	<u>Drug Court</u>	<u>Oupatient Substance Abuse Treatment</u>	<u>Total</u>
REVENUE				
State aid	\$ <u>117,735</u>	\$ <u>96,871</u>	\$ <u>169,878</u>	\$ <u>384,484</u>
Total Revenue	<u>117,735</u>	<u>96,871</u>	<u>169,878</u>	<u>384,484</u>
EXPENDITURES				
Salaries and fringe benefits	120,979	124,654	128,940	374,573
Professional fees	<u>883</u>	<u>727</u>	<u>1,275</u>	<u>2,885</u>
Total Expenditures	<u>121,862</u>	<u>125,381</u>	<u>130,215</u>	<u>377,458</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(4,127)	(28,510)	39,663	7,026
OTHER FINANCING SOURCES (USES)				
Basic Supervision interfund transfer	4,127	17,700	-	21,827
CC interfund transfer	<u>-</u>	<u>10,810</u>	<u>-</u>	<u>10,810</u>
Total Other Financing Sources (Uses)	<u>4,127</u>	<u>28,510</u>	<u>-</u>	<u>32,637</u>
PRIOR YEAR ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Refund to CJAD	<u>-</u>	<u>-</u>	<u>(39,663)</u>	<u>(39,663)</u>
AUDITED YEAR ENDING FUND BALANCE	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

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**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL AND VARIANCE

BASIC SUPERVISION

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TYPE OF REVENUE			
Requested TDCJ-CJAD funding (state aid)	\$ 277,951	\$ 277,951	\$ -
State aid: SAFPF	-	29,852	29,852
Community supervision fees collected	1,050,000	1,200,170	150,170
Payments by program participants	65,000	93,443	28,443
Interest income	13,000	28,424	15,424
Carry over from previous FY (prior year ending fund balance)	1,298,224	1,339,641	41,417
Other revenue	-	39	39
Basic Supervision interfund transfer	<u>(19,527)</u>	<u>(21,827)</u>	<u>(2,300)</u>
Total Revenue	<u>2,684,648</u>	<u>2,947,693</u>	<u>263,045</u>
TYPE OF EXPENDITURES			
Salaries and fringe benefits	1,550,636	1,434,697	115,939
Travel and furnished transportation	155,000	64,802	90,198
Contract services for offenders	90,100	53,700	36,400
Professional fees	91,285	99,725	(8,440)
Supplies and operating expenses	690,227	104,251	585,976
Utilities	8,400	8,619	(219)
Equipment	<u>99,000</u>	<u>26,334</u>	<u>72,666</u>
Total Expenditures	<u>2,684,648</u>	<u>1,792,128</u>	<u>892,520</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	<u>1,155,565</u>	1,155,565
AUDITED YEAR ENDING FUND BALANCE - ACTUALS		\$ <u>1,155,565</u>	

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL AND VARIANCE

COMMUNITY CORRECTIONS PROGRAM
INTENSIVE SUPERVISION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TYPE OF REVENUE			
Requested TDCJ-CJAD funding (state aid)	\$ 257,069	\$ 257,069	\$ -
CC interfund transfer	<u>(13,744)</u>	<u>(10,810)</u>	<u>2,934</u>
Total Revenue	<u>243,325</u>	<u>246,259</u>	<u>2,934</u>
TYPE OF EXPENDITURES			
Salaries and fringe benefits	240,123	243,057	(2,934)
Professional fees	1,928	1,928	-
Supplies and operating expenses	<u>1,274</u>	<u>1,274</u>	<u>-</u>
Total Expenditures	<u>243,325</u>	<u>246,259</u>	<u>(2,934)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	<u>-</u>	-
AUDITED YEAR ENDING FUND BALANCE - ACTUALS		\$ <u><u>-</u></u>	

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL AND VARIANCE

DIVERSION PROGRAM
MENTALLY CHALLENGED SPECIALIZED CASELOAD

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TYPE OF REVENUE			
Requested TDCJ-CJAD funding (state aid)	\$ 117,735	\$ 117,735	\$ -
Basic Supervision interfund transfer	<u>1,414</u>	<u>4,127</u>	<u>2,713</u>
Total Revenue	<u>119,149</u>	<u>121,862</u>	<u>2,713</u>
TYPE OF EXPENDITURES			
Salaries and fringe benefits	118,266	120,979	(2,713)
Professional fees	<u>883</u>	<u>883</u>	<u>-</u>
Total Expenditures	<u>119,149</u>	<u>121,862</u>	<u>(2,713)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	<u>-</u>	-
AUDITED YEAR ENDING FUND BALANCE - ACTUALS		\$ <u>-</u>	

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL AND VARIANCE

DIVERSION PROGRAM
DRUG COURT

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TYPE OF REVENUE			
Requested TDCJ-CJAD funding (state aid)	\$ 96,871	\$ 96,871	\$ -
Basic Supervision interfund transfer	14,766	17,700	2,934
CC interfund transfer	<u>13,744</u>	<u>10,810</u>	<u>(2,934)</u>
Total Revenue	<u>125,381</u>	<u>125,381</u>	<u>-</u>
TYPE OF EXPENDITURES			
Salaries and fringe benefits	124,654	124,654	-
Professional fees	<u>727</u>	<u>727</u>	<u>-</u>
Total Expenditures	<u>125,381</u>	<u>125,381</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	<u>-</u>	-
AUDITED YEAR ENDING FUND BALANCE - ACTUALS		\$ <u><u>-</u></u>	

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL AND VARIANCE

DIVERSION PROGRAM
OUTPATIENT SUBSTANCE ABUSE TREATMENT

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TYPE OF REVENUE			
Requested TDCJ-CJAD funding (state aid)	\$ 169,878	\$ 169,878	\$ -
Basic Supervision interfund transfer	<u>3,347</u>	<u>-</u>	<u>(3,347)</u>
Total Revenue	<u>173,225</u>	<u>169,878</u>	<u>(3,347)</u>
TYPE OF EXPENDITURES			
Salaries and fringe benefits	171,950	128,940	43,010
Professional fees	<u>1,275</u>	<u>1,275</u>	<u>-</u>
Total Expenditures	<u>173,225</u>	<u>130,215</u>	<u>43,010</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	39,663	39,663
Refund to CJAD - Actuals		<u>(39,663)</u>	
AUDITED YEAR ENDING FUND BALANCE - ACTUALS		<u>\$ -</u>	

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL AND VARIANCE

TREATMENT ALTERNATIVES TO INCARCERATION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TYPE OF REVENUE			
Requested TDCJ-CJAD funding (state aid)	\$ 72,027	\$ 72,027	\$ -
Payments by program participants	<u>-</u>	<u>1,789</u>	<u>1,789</u>
Total Revenue	<u>72,027</u>	<u>73,816</u>	<u>1,789</u>
TYPE OF EXPENDITURES			
Salaries and fringe benefits	61,368	63,302	(1,934)
Travel and furnished transportation	4,618	4,473	145
Professional fees	541	541	-
Supplies and operating expenses	<u>5,500</u>	<u>5,500</u>	<u>-</u>
Total Expenditures	<u>72,027</u>	<u>73,816</u>	<u>(1,789)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	<u>-</u>	-
AUDITED YEAR ENDING FUND BALANCE - ACTUALS		\$ <u>-</u>	

**GRAYSON COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements include the revenue of the Grayson County Community Supervision and Corrections Department (CSCD) related to the receipt of funds administered by the TDCJ-CJAD from state appropriations for the Basic Supervision Fund, Community Corrections funds, Diversion Program Funds, Treatment Alternative to Incarceration Program Grant Funds, local fees collected for the use of the CSCD, and the expenditures of those funds.

The Grayson County Community Supervision and Corrections Department, a special purpose district of State government, was organized to provide certain adult probation services to judicial districts.

Basis of Accounting

Since the Department receives funding from state government, it must comply with the requirements of the State. Therefore, the financial statements were prepared using the basis of accounting prescribed by the TDCJ-CJAD, a comprehensive basis of accounting other than generally accepted accounting principles.

Basis of accounting refers to the time at which revenues and expenditures are recognized in the accounts and reported in the statements. The accounts of Grayson County CSCD are organized on the basis of fund accounting, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in a fund based upon the source of the funds and the purposes for which they may be spent and the means by which the spending activities are controlled for the specific activities in accordance with laws, regulations, or other restrictions. Revenues and expenditures of Grayson County CSCD are accounted for using the modified accrual basis of accounting throughout the entire fiscal year.

The modified accrual basis of accounting is followed in that revenues are recorded when susceptible to accrual; i.e., earned, measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period. Revenues received by October 31 for financial activity performed by August 31 are considered available. Also purchases for which the commitment has been established by August 31 are considered liabilities regardless of whether possession of these goods has been received by August 31 provided that the liability purchase is received and is paid for by October 31. Exception to this method of accounting is the recording of refunds to the State as reductions of Fund Balance.

Funds of the Grayson County CSCD are grouped into the agency fund type for the purpose of operation on the Grayson County, Texas accounting system. Accounting agency funds are accounts established for deposit and disbursement of funds which are not controlled through the Grayson County, Texas budget process and are held in purely a custodial capacity.

Budgets (Accounting and Legal Compliance)

Pursuant to Government Code, Section 76.004 and 76.002, the budgets governing the funding to the programs are prepared biennially, then approved by the district judges and the criminal court-at-law judges with jurisdiction over the department and by the TDCJ-CJAD.

Only budget adjustment requests, at year end, received by September 30, will be reviewed and approved/disapproved by TDCJ-CJAD. TDCJ-CJAD will not accept any budget adjustments after September 30 for the previous fiscal year. Only budget adjustments approved by TDCJ-CJAD are referred to in performing the financial audit.

2. ONE-TIME/SUPPLEMENTAL PAYMENTS

The Department did not receive any one-time/supplemental payments in fiscal year 2019.

3. DEOBLIGATIONS

The Department did not deobligate any funds in fiscal year 2019.

4. INTERFUND TRANSFERS

Interfund transfers resulted from the need to cover potential negative fund balances at the end of the fiscal year. Interfund transfers for the year ended August 31, 2019 consisted of the following transfers in and transfers out:

From	To	Dollar Amount
Basic Supervision	Diversion Program - Mentally Challenged Specialized Caseload	\$ 4,127
Basic Supervision	Diversion Program - Drug Court	\$ 17,700
Community Corrections Program - Intensive Supervision Program	Diversion Program - Drug Court	\$ 10,810

5. PRIOR PERIOD ADJUSTMENTS

There were no prior period adjustments for the fiscal year ended August 31, 2019.

6. REFUNDS

The Department issued a biennium refund for the Diversion Program – Outpatient Substance Abuse Treatment in the amount of \$39,663.

7. CASH, COLLECTIONS, CHANGE FUND, PETTY CASH AND INVESTMENTS

Collection or clearing accounts are trust funds and must be covered by pledged collateral to cover the estimated highest daily balance of funds operated in conjunction with or through the county depository by the CSCD.

During the fiscal year audited: The CSCD’s state aid and net funds (revenues) received were deposited and held, and collection accounts’ remaining net funds (revenues) were transferred into a special fund of the county treasury, on or before the next regular business day, or on or before the fifth business day after the day on which the money was received. All the CSCD’s state aid and net funds (revenues) received were held, deposited, disbursed, invested, and otherwise cared for by the County on behalf of the CSCD as the CSCD directed (Government Code 509.011(c) and Local Government Code 113.022 and 140.003 (f)).

CSCD employees who have access to, maintain, and administer public funds are covered by a surety bond.

The Department does not maintain any petty cash funds or change funds.

Idle funds are invested only within the depository of the County in a manner that protects the integrity of the principal and guarantees no loss of principal to the CSCD.

8. EXCESS OF EXPENDITURES OVER BUDGETS IN INDIVIDUAL PROGRAMS

The Department incurred excess of expenditures over approved line item budget amounts in the following programs during the fiscal year ended August 31, 2019:

Program	Line Item	Unfavorable Budget Variance (\$)	Unfavorable Budget Variance (%)	Explanation
Basic Supervision	Basic Supervision Interfund Transfer	\$ 2,300	11.78%	The Mental Health Fund required additional funds for increased salaries & fringe benefits.
Basic Supervision	Professional Fees	\$ 8,440	9.25%	Addition of a sex offender counselor and additional
Basic Supervision	Utilities	\$ 219	2.61%	Increase in cable expense.
Community Corrections - Intensive Supervision Program	Salaries & Fringe Benefits	\$ 2,934	1.22%	Replaced an employee at a higher salary.
Diversion Program - Mentally Challenged Specialized Caseload	Salaries & Fringe Benefits	\$ 2,713	2.29%	Retirement expenses and annual increase was higher than anticipated.
Treatment Alternatives to Incarceration Program	Salaries & Fringe Benefits	\$ 1,934	3.15%	Retirement expenses and annual increase was higher than anticipated.

The Department had no excess of expenditures over 15% of the approved line item budget amounts in any program.

9. FUNDS COLLECTED BY THE CSCD FROM SOURCES OTHER THAN TDCJ-CJAD WHICH ARE REQUIRED TO BE REPORTED ON THE TDCJ-CJAD QUARTERLY FINANCIAL REPORTS

The Department utilized the following funds collected from sources other than TDCJ-CJAD which are required to be reported for the year ended August 31, 2019:

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions
Community Supervision Fees Collected	\$ 1,200,170	Texas Code of Criminal Procedure Article 42A.652 (a); <i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
<u>Payments by Program Participants</u>			
UA Fees	91,604	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Transfer Fees	1,420	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
ELM Fee	1,788	Texas Code of Criminal Procedure Chapter 102.012; <i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Medical Fees	55	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Polygraphs	365	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Total Payments by Program Participants:	95,232	Article 42.12, Section 11(b) of the Code of Criminal Procedure; <i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Interest Income	28,424	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
<u>Other Revenue</u>			
Credit Card Fee	2	Code of Criminal Procedure Article 102.072; <i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Overage	2	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
HHSC Commission	35	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Total Other Revenue:	39		

Locally generated revenues 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.

10. COMMITMENTS AND CONTINGENCIES

The Department is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and in the opinion of Department management would not materially affect the financial position of the Department at August 31, 2019.

11. SUBSEQUENT EVENTS

The department had no subsequent events that require disclosure.

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SUPPLEMENTARY SCHEDULES

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**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS AS SUBMITTED TO TDCJ-CJAD

BASIC SUPERVISION

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Actual</u>	<u>Per CSCD Quarterly Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 277,951	\$ 277,951	\$ -
State aid: SAFPF	29,852	29,852	-
Community supervision fees	1,200,170	1,200,170	-
Payments by program participants	93,443	93,443	-
Interest income	28,424	28,424	-
Other revenue	39	39	-
Total Revenue	<u>1,629,879</u>	<u>1,629,879</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	1,434,697	1,434,697	-
Travel and furnished transportation	64,802	64,802	-
Contract services for offenders	53,700	53,700	-
Professional fees	99,725	99,725	-
Supplies and operating expenses	104,251	104,251	-
Utilities	8,619	8,619	-
Equipment	26,334	26,334	-
Total Expenditures	<u>1,792,128</u>	<u>1,792,128</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(162,249)	(162,249)	-
OTHER FINANCING SOURCES (USES)			
Basic Supervision interfund transfer	<u>(21,827)</u>	<u>(21,827)</u>	-
Total Other Financing Sources (Uses)	<u>(21,827)</u>	<u>(21,827)</u>	-
PRIOR YEAR ENDING FUND BALANCE	<u>1,339,641</u>	<u>1,339,641</u>	-
AUDITED YEAR ENDING FUND BALANCE	<u>\$ 1,155,565</u>	<u>\$ 1,155,565</u>	<u>\$ -</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS AS SUBMITTED TO TDCJ-CJAD

COMMUNITY CORRECTIONS PROGRAM
INTENSIVE SUPERVISION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Actual</u>	<u>Per CSCD Quarterly Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 257,069	\$ 257,069	\$ -
Total Revenue	<u>257,069</u>	<u>257,069</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	243,057	243,057	-
Professional fees	1,928	1,928	-
Supplies and operating expenses	<u>1,274</u>	<u>1,274</u>	<u>-</u>
Total Expenditures	<u>246,259</u>	<u>246,259</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	10,810	10,810	-
OTHER FINANCING SOURCES (USES)			
CC interfund transfer	<u>(10,810)</u>	<u>(10,810)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(10,810)</u>	<u>(10,810)</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS AS SUBMITTED TO TDCJ-CJAD

DIVERSION PROGRAM
MENTALLY CHALLENGED SPECIALIZED CASELOAD

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Actual</u>	<u>Per CSCD Quarterly Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 117,735	\$ 117,735	\$ -
Total Revenue	<u>117,735</u>	<u>117,735</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	120,979	120,979	-
Professional fees	<u>883</u>	<u>883</u>	<u>-</u>
Total Expenditures	<u>121,862</u>	<u>121,862</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(4,127)	(4,127)	-
OTHER FINANCING SOURCES (USES)			
Basic Supervision interfund transfer	<u>4,127</u>	<u>4,127</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>4,127</u>	<u>4,127</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS AS SUBMITTED TO TDCJ-CJAD

DIVERSION PROGRAM
DRUG COURT

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Actual</u>	<u>Per CSCD Quarterly Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 96,871	\$ 96,871	\$ -
Total Revenue	<u>96,871</u>	<u>96,871</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	124,654	124,654	-
Professional fees	<u>727</u>	<u>727</u>	<u>-</u>
Total Expenditures	<u>125,381</u>	<u>125,381</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	(28,510)	(28,510)	-
OTHER FINANCING SOURCES (USES)			
Basic Supervision interfund transfer	17,700	17,700	-
CC interfund transfer	<u>10,810</u>	<u>10,810</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>28,510</u>	<u>28,510</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE			
	<u>-</u>	<u>-</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE			
	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS AS SUBMITTED TO TDCJ-CJAD

DIVERSION PROGRAM
OUTPATIENT SUBSTANCE ABUSE TREATMENT

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Actual</u>	<u>Per CSCD Quarterly Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ <u>169,878</u>	\$ <u>169,878</u>	\$ <u>-</u>
Total Revenue	<u>169,878</u>	<u>169,878</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	128,940	128,940	-
Professional fees	<u>1,275</u>	<u>1,275</u>	<u>-</u>
Total Expenditures	<u>130,215</u>	<u>130,215</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	39,663	39,663	-
PRIOR YEAR ENDING FUND BALANCE	-	-	-
Refund due to CJAD	<u>(39,663)</u>	<u>(39,663)</u>	<u>-</u>
Adjusted Beginning Fund Balance	<u>(39,663)</u>	<u>(39,663)</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS AS SUBMITTED TO TDCJ-CJAD

TREATMENT ALTERNATIVES TO INCARCERATION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2019

	<u>Actual</u>	<u>Per CSCD Quarterly Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 72,027	\$ 72,027	\$ -
Payments by program participants	<u>1,789</u>	<u>1,789</u>	<u>-</u>
Total Revenue	<u>73,816</u>	<u>73,816</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	63,302	63,302	-
Travel and furnished transportation	4,473	4,473	-
Professional fees	541	541	-
Supplies and operating expenses	<u>5,500</u>	<u>5,500</u>	<u>-</u>
Total Expenditures	<u>73,816</u>	<u>73,816</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-
PRIOR YEAR ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE SECTION

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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

Grayson County Community
Supervision and Corrections Department
Grayson County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Grayson County Community Supervision and Corrections Department (CSCD) as of and for the year ended August 31, 2019, and the related notes to the financial statements, which collectively comprise Grayson County Community Supervision and Corrections Department’s basic financial statements, and have issued our report thereon dated February 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grayson County CSCD’s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Grayson County CSCD’s internal control. Accordingly, we do not express an opinion on the effectiveness of Grayson County CSCD’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 Grayson County CSCD’s financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grayson County CSCD's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grayson County CSCD's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

Waco, Texas
February 10, 2020

**GRAYSON COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2019

None.

**GRAYSON COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE PRIOR YEAR ENDED AUGUST 31, 2018

None.

VIII. TDCJ-CJAD INDEPENDENT AUDIT COMPLIANCE CHECKLIST

*The Compliance Checklist FORMAT AND CONTENT are **NOT TO BE ALTERED**.*

Indicate whether these compliance requirements have been met by answering “YES,” “NO,” or “N/A” (Not Applicable). If “N/A” is blocked out, then answers must be either “YES” or “NO”. *Please contact your Fiscal Auditor if you have any questions.*

YES NO N/A

FINANCIAL POLICIES AND PROCEDURES (Questions 1-2)

An explanation is required to be reported in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs if questions 1 and 2 are answered NO.

Duties of the Fiscal Officer, FMM Fiscal Officer, Texas Government Code, Section 76.004 (Question 1)

Texas Government Code, Section 76.004, effective September 1, 2001 allows the judge(s) as described by Government Code section 76.002 the option to appoint a fiscal officer, other than the county auditor, to be responsible for the following: Managing and protecting funds, fees, state aid, and receipts to the same extent that a county auditor manages county funds and funds of other local entities; Ensuring that financial transactions of the department are lawful and allowable; and Prescribing accounting procedures for the department.

1. Yes Did the fiscal officer follow the applicable laws, guidelines, and duties as specified on Fiscal Officer section of the Financial Management Manual for TDCJ-CJAD Funding?

Cash Matching for Grants; FMM Grants, Donations, Fees... (Question 2)

With prior TDCJ-CJAD approval, CSCDs may use Basic Supervision, CC, DP, or TAIP funds as required cash matching for grants from other governmental agencies, non-profit organizations, or private foundations, etc., for the purpose of expanding an existing program (CC, DP, or TAIP cash matching) or for funding an accepted Strategic Plan program (Basic Supervision or CC cash matching). All expenditures from the CSCD’s matching funds shall be in accordance with the Financial Management Manual for TDCJ-CJAD Funding (see the Allowable and Unallowable Expenditures section of this manual).

2. N/A Was cash matching properly: authorized, budgeted, and expended?

FINANCIAL STATEMENTS (Questions 3-14)

An explanation is required in the corresponding note of the Notes to the Financial Statements and in the Schedule of Findings and Questioned Costs if questions 3, 5, 7, 10, and 11 are answered NO. All sources identified in questions 4, 6, 8-9 & 11 are required to be reported on their designated line item of the audited financial statements and in their corresponding note. See note for further instructions.

3. Yes Were expenditures and revenues supported by adequate documentation?

Interfund Transfers; FMM Financial Reports, Additional Reporting Requirements (Questions 4-5)

CSCDs cannot end a fiscal year with a negative fund balance in any program. Any negative fund balances in CC, DP, or TAIP must be covered by an interfund transfer from Basic Supervision. Basic Supervision can transfer funds to CC, DP, and TAIP. CC can transfer funds to DP and TAIP. Basic Supervision cannot receive funds from any programs unless those programs are returning funds they received from Basic earlier in the fiscal year. Transfers from DP and TAIP can only go to CC if they are returning funds they received from CC earlier in the fiscal year. Transfers between CCs are not allowed; they should be done by increasing/decreasing state aid. With the exception of returning unused funds, transfers cannot come from DP (even to/from another DP) unless approved by the TDCJ-CJAD Division Director.

4. Yes Did the CSCD have any interfund transfers and/or DP fund transfers in the fiscal year audited?

5. Yes ___ ___ If any, were all interfund transfers and/or DP fund transfers noted during the audit allowable?

Deobligation, Government Code, Chapter 509, Section 509.011 (h), FMM Deobligations (Questions 6-7)

Government Code, Chapter 509, Section 509.011 (h), allows CSCDs to deobligate any unencumbered state funds held by the department during a fiscal year (Basic Supervision, CC, DP, and TAIP). Deobligations are a reduction to state aid for funds that are in excess of the amount needed to operate the programs for the remainder of the year and are not to be reported as a refund.

6. ___ No ___ In the fiscal year audited, did any deobligation of funds occur as a result of an excess of funds allocated to programs?

7. ___ ___ N/A Were the appropriate budget adjustments made for any reallocated funds?

One-Time/Supplemental Payments, FMM Fund Balances/Refund Policy (Questions 8)

One-time funding is awarded on a competitive basis. The priorities for distribution are determined biennially. One-time funding consists of: additional basic supplemental payment and additional one-time payments. Examples include, but are not limited to: longevity increases, one-time grant-TRAS training, research, fund movement, closed and deobligated carryover fund reobligated, insurance reduction, etc.

8. ___ No ___ Did the CSCD receive any One-Time Additional Grant Awards and/or Basic Supervision Supplemental Payments in of the fiscal year audited?

Unauthorized Expenditures, FMM Budgets (Questions 9-10)

All unauthorized expenditures identified in the budget variance statements are to be reported in the related *Excess of Expenditures Over Budgets* note of the notes to the financial statements, see note for further instructions. **If any unauthorized expenditure that is in excess of the 15% rule, they are required to be reported in the Schedule of Findings and Questioned Costs.**

Budget total line item differences either over 15% that resulted in unauthorized expenditures (expenditures that did not receive prior approval from TDCJ-CJAD) for the fiscal year under audit in the CSCD's independent audit report shall be refunded to TDCJ-CJAD from the then-current Basic Supervision funding for the CSCD.

9. Yes ___ ___ Were any unfavorable budget variances identified in the Individual Statement of Revenues, Budget, Actual, and Variance in the fiscal year audited, including those that **were not** in excess of the 15% rule?

10. ___ No ___ If so, were there any unfavorable budget variances in excess of the 15% rule from the fiscal year audited that resulted in unauthorized expenditure(s) that the CSCD will be required to refund to the TDCJ-CJAD?

Prior Period Adjustments, FMM Financial Reports, Additional Reporting Requirements (Question 11)

Adjustment to beginning fund balance as a result of corrections and/or audit findings of prior fiscal years, **not prior quarters of the current fiscal year**. This amount does not include prior-year refunds.

If the CSCD had any unauthorized expenditure refunds resulting from the audit conducted in the **prior fiscal year**, were these refunds properly reported as prior period adjustments on the quarterly financial report in the period that the funds were paid

11. N/A and returned to TDCJ-CJAD?

BASIS OF ACCOUNTING (Questions 12-14)

An explanation is required in the Basis of Accounting portion of the Notes to the Financial Statements and in the Schedule of Findings and Questioned Costs if questions 12-14 are answered NO.

Basis of Accounting Requirements, FMM Fiscal Officer, Duties of the Fiscal Officer and Financial Reports
(Questions 12-14)

FMM, Fiscal Officer, Duties of the Fiscal Officers: Managing and protecting funds, fees, state aid, and other receipts of money. Each program is to be maintained utilizing a separate self-balancing set of financial books and accounting records in accordance with proper fund accounting.

FMM Financial Reports, Basis of Accounting: Although funding recipients are encouraged to use the modified accrual basis of accounting for each quarter, the first, second, and third quarter reports may be prepared on the cash basis method of accounting. The fourth quarter report, which closes out the fiscal year, must be prepared on the modified accrual basis of accounting.

In order for the funding recipient to report an accrual, as of August 31, on the fourth quarter report, TDCJ-CJAD requires that the expenditures be paid and the item received by October 31.

12. Yes Was separate accountability maintained for TDCJ-CJAD funds; i.e., fund accounting of self-balancing funds?

13. Yes Was the modified accrual basis of accounting used in preparing the fourth quarter reports for submission to TDCJ-CJAD?

14. Yes Were proper cutoff procedures observed at the end of each fiscal period? *The cutoff date for revenues recognition and expenditures payments of the fiscal year audited is **October 31, of the fiscal year audited.***

FUNDS COLLECTED FROM SOURCES OTHER THAN TDCJ-CJAD REQUIRED TO BE REPORTED ON THE TDCJ-CJAD QUARTERLY FINANCIAL REPORTS (Questions 15-24)

An explanation is required in the Funds Collected from Sources Other Than TDCJ-CJAD Which are Required to be Reported on the TDCJ-CJAD Quarterly Financial Reports note of the Notes to Financial Statements and in the Schedule of Findings and Questioned Costs, if questions 15-16, or 24, are answered NO or 18-19, or 22-23 answered YES.

*If any of the fees identified in questions 17, 20, and 21 were collected, they **are required** to be reported in the Funds Collected from Sources Other Than TDCJ-CJAD Which are Required to be Reported on the TDCJ-CJAD Quarterly Financial Reports note of the Notes to Financial Statements.*

15. Yes Were TDCJ-CJAD funds and locally generated revenues expended in accordance with the Financial Management Manual for TDCJ-CJAD funding (FMM), TDCJ-CJAD Standards, TDCJ-CJAD field correspondence, TDCJ-CJAD Policy Statements, Special Grant Conditions, and applicable laws?

16. Yes Were locally generated funds, and other collections, documented with a proper receipt system, and can they be traced to probationers' accounts, bank deposits, and statements?

Administrative Fees, Texas Government Code Section 76.015c, FMM Statutory Requirements (Questions 17-19)

Government Code Chapter 76 Community Supervision and Corrections Departments Section 76.015c states: A department may assess a reasonable administrative fee of not less than \$25 and not more than \$60 per month on an individual who participates in a program operated by the department or receives services from the department and who is not paying a monthly fee under Article [42A.652](#), Code of Criminal Procedure (i.e. Community Supervision Fees).

17. No Did the CSCD collect any **administrative fees of \$25-\$60** from **offender and/or non-offender individuals** who either participate in a TDCJ-CJAD funded program or receive services from the department and who are not paying a monthly fee under Articles 42A Code of Criminal Procedure (i.e. Community Supervision Fees)?

18. N/A If collected, when the CSCD assessed the administrative fee, did the CSCD assess less than \$25 or more than \$60 for the fee?

19. N/A If collected, did the CSCD assess administrative fees of \$25-\$60 for those individuals who also pay a monthly supervision fee under Articles 42A.652 Code of Criminal Procedure?

Fees for Pretrial Intervention Programs; Texas Code of Criminal Procedure Chapter 102.012, FMM Statutory Requirements (Questions 20)

Code of Criminal Procedure Chapter 102 Subchapter A General Costs Article 102.012, Fees for Pretrial Intervention Program states: (a) A court that authorizes a defendant to participate in a pretrial intervention program established under Section [76.011](#), Government Code, may order the defendant to pay to the court a supervision fee in an amount not more than \$60 per month as a condition of participating in the program. (b) In addition to or in lieu of the supervision fee authorized by Subsection (a), the court may order the defendant to pay or reimburse a community supervision and corrections department for any other expense that is: (1) incurred as a result of the defendant's participation in the pretrial intervention program, other than an expense described by Article [102.0121](#); or (2) necessary to the defendant's successful completion of the program.

20. No Did the CSCD collect fees for **pretrial intervention programs** in the fiscal year audited?

Administrative Fee (i.e. Transaction Administrative Fee); Texas Code of Criminal Procedure, Article 102.072, FMM Statutory Requirements (Questions 21-24)

Texas Code of Criminal Procedure, Article 102.072; Administrative Fee states: An officer listed in Article [103.003](#) or a community supervision and corrections department may assess an administrative fee for each transaction made by the officer or department relating to the collection of fines, fees, restitution, or other costs imposed by a court. The fee may not exceed \$2 for each transaction. This article does not apply to a transaction relating to the collection of child support. A "transaction" is defined as an event that involves the collection of money for one or more purposes that results in a preparation of a single receipt. CSCDs shall not prepare separate receipts for money received during a single event for multiple purposes (i.e. in order to collect multiple \$2 administrative fees).

The "transaction" administrative \$2 fee is required to be budgeted and reported as Other Revenue in Basic Supervision.

21. No Did the CSCD collect **administrative fees** (i.e. **transaction administrative** fees) for each transaction made by the department relating to the collection of fines, fees, restitutions, or other costs imposed by a court during the fiscal year audited?

22. N/A If collected, did any single **transaction administrative** fee exceed the allowable \$2?

23. N/A If collected, during each transaction, does the CSCD issue separate receipts for each fine, fee, restitution, or other cost paid while charging the \$2 **transaction administrative fee** for each receipt?

24. N/A If collected, was the **transaction administrative fee** budgeted and recorded as Other Revenue in Basic Supervision and accounted for on a consistent basis (FMM Statutory Requirements)?

CASH, COLLECTIONS, CHANGE FUND, PETTY CASH (Questions 25-28)

An explanation is required to be reported in the Cash, Collections, Change Fund, Petty Cash & Investments note of the Notes to the Financial Statements and included in the Schedule of Findings and Questioned Costs if questions 25-28, 30, 34-35, and 36 are answered NO. All change fund and petty cash funds are required to be reported in the Cash, Collections, Change Fund, and Petty Cash & Investments note of the Notes to the Financial Statements.

Deposits and Disbursement Requirements, (Questions 25-28)

Government Code, Section 509.011 (c) Each department, county, or municipality shall deposit all state aid received from the division in a special fund of the county treasury or municipal treasury, as appropriate, to be used solely for the provision of services, programs, and facilities under this chapter or Subchapter H, Chapter [351](#), Local Government Code.

Local Government Code, Section 140.003 (f) Each specialized local entity (CSCD) shall deposit in the county treasury of the county in which the entity has jurisdiction the funds the entity receives. The county shall hold, deposit, disburse, invest, and otherwise care for the funds on behalf of the specialized local entity (CSCD) as the entity (CSCD) directs. If a specialized local entity has jurisdiction in more than one county, the district judges having jurisdiction in those counties, by a majority vote, shall designate from among those counties the county responsible for managing the entity's funds.

Local Government Code, Section 113.022 (a) A county officer or other person who receives money shall deposit the money with the county treasurer on or before the next regular business day after the date on which the money is received. If this deadline cannot be met, the officer or person must deposit the money, without exception, on or before the fifth business day after the day on which the money is received. However, in a county with fewer than 50,000 inhabitants, the commissioners court may extend the period during which funds must be deposited with the county treasurer, but the period may not exceed 15 days after the date the funds are received. (b) A county treasurer shall deposit the money received under Subsection (a) in the county depository in accordance with Section [116.113](#)(a). In all cases, the treasurer shall deposit the money on or before the seventh business day after the date the treasurer receives the money.

Local Government Code, Section 113.001. COUNTY TREASURER AS CHIEF CUSTODIAN OF MONEY. The county treasurer, as chief custodian of county funds, shall keep in a designated depository and shall account for all money belonging to the county.

Local Government Code, Section 116.113. DEPOSIT OF FUNDS. (a) Immediately after the commissioners court designates a county depository, the county treasurer shall transfer to the depository all of the county's funds and the funds of any district or municipal subdivision of the county that does not select its own depository. The treasurer shall also immediately deposit with the depository to the credit of the county, district, or municipality any money received after the depository is designated.

Local Government Code Section 116.115. CLEARINGHOUSE FOR MULTIPLE DEPOSITORIES. If the funds of a county are deposited with more than one depository, the commissioners court shall by order name one of the depositories to act as a clearinghouse for the others. All county orders for payment are finally payable at the depository named as the clearinghouse.

25. Yes Were all the CSCD's state aid and net funds (revenues) received, deposited, and held in a special fund of the county treasury (county's bank account) during the fiscal year audited?

26. Yes Were all the CSCD's state aid and net funds (revenues) received: held, deposited, disbursed, invested, and otherwise cared for by the county on behalf of the CSCD, as the CSCD directed during the fiscal year audited?

27. Yes Were all the CSCD's state aid and net funds' (revenues) received deposited in the county treasury (county's bank account) within the time period required by Local Government Code 113.022 during the fiscal year audited?

28. Yes Were all the CSCD's collection accounts' remaining net funds (revenues) transferred to the county treasury (county's bank account) within the time period required by Local Government Code 113.022 during the fiscal year audited?

Change Fund, Local Government Code, Chapter 130, Section 130.902 (a), FMM Fiscal Change Fund (*Questions 29-30*)

Local Government Code, Chapter 130, Section 130.902 (a) The commissioners court of a county may set aside from the general fund of the county an amount approved by the county auditor for use as a change fund by any county or district official who collects public funds. The fund may be used only to make change in connection with collections that are due and payable to the county, the state, or another political subdivision of the state that are often made by the official. (b) The bond of that official who receives such a change fund must cover the official's responsibility for the correct accounting and disposition of the change fund.

29. No Did the CSCD maintain a **change fund** authorized by the fiscal officer in the fiscal year audited? Change Funds are not to be confused with petty cash funds (*FMM Fiscal Officer*).

30. N/A Was the **change fund *only*** used to make change in connection with collections that are due and payable to the CSCD?

Petty Cash Utilizing CSCD Funds, Local Government Code, Section 130.909, FMM Petty Cash (*Questions 31-35*)

Local Government Code, Section 130.909. (a) The commissioners court of a county may set aside from the general fund of the county, for the establishment of a petty cash fund for any county or district official or department head approved by the commissioners court, an amount approved by: (1) the county auditor, for a county with a population of 3.3 million or more; or (2) the commissioners court, for a county with a population of less than 3.3 million. (FMM, State Payments, Financial Reports, Community Corrections Facility and Fiscal Officer)

31. No Did the CSCD maintain **petty cash** in the fiscal year audited?

32. N/A Was the petty cash fund maintained by **utilizing the CSCD's funds** authorized by the county auditor?

33. N/A Was the petty cash fund maintained by **utilizing NON-CSCD revenues** (i.e. vending machine revenues)?

34. N/A Were **petty cash funds utilizing CSCD's funds** used only for specific purposes for allowable items as listed in the Financial Management Manual for TDCJ-CJAD Funding?

35. N/A Were **petty cash funds utilizing CSCD's funds** expended only for emergency situations authorized by a written policy and approved by the CSCD director?

Employee Surety Bond Coverage, FMM Employee Surety Bond Coverage (Question 36)

CSCD directors shall ensure that all public funds are protected by requiring that all employees with access to funds are covered by Employee Surety Bond coverage and that all funds maintained on CSCD premises are protected by appropriate insurance or bonding. Funds on CSCD premises shall not exceed insurance/bond limits of coverage. CSCDs that have been authorized to have a change fund shall have Employee Surety Bond coverage on the employee who maintains and administers the change fund or petty cash fund, and the coverage shall include the employee's responsibility for the correct accounting and disposition of the change fund or petty cash fund.

36. Yes Were all employees who had access to public funds and/or maintained and administered public funds, change funds and petty cash, which cover the employees' responsibility for the correct accounting and disposition of the change fund and petty cash, covered by an employee surety bond?

SCHEDULE OF DIFFERENCES (Questions 37)

An explanation is required to be reported in the Schedule of Differences, Notes to the Financial Statements and in the Schedule of Findings and Questioned Costs if questions 37 is answered NO.

37. Yes Were revenues and expenditures as reported to TDCJ-CJAD on the quarterly financial reports in agreement with the funding recipient's accounting records (CSCD's actuals), the last approved budget, and with audited financial statements?

COMPLIANCE AND OTHER MATTERS; Standards for Financial Audits; Chapter 4, Item 4.25 Government Auditing Standards (Questions 38-42)

An explanation is required to be reported in the Report on Compliance and Internal Control and in the Schedule of Findings and Questioned Costs If questions 38-42 are answered YES.

38. No Were there any instances of deficiencies in internal control noted by the auditor?

39. No Were there any instances of non-compliance noted by the auditor?

40. No Were there any instances of fraud noted by the auditor?

41. No Were there any instances of waste noted by the auditor?

42. No Were there any instances of abuse noted by the auditor?

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Standards for Financial Audits; Chapter 4, Item 4.05, Government Auditing Standards (Questions 43-44)

An explanation is required to be reported in Schedule of Findings and Questioned Costs for Prior Year if questions 43-44 are answered NO.

43. N/A Do any action plans exist for significant findings from prior year audits?

44. N/A If action plans exist from prior year audit findings, are they current?

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