



## TEXAS JUVENILE PROBATION COMMISSION

P.O. Box 13547, Austin, Texas 78711

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May 15, 2009

EXECUTIVE DIRECTOR

Vicki Spriggs

Bill Bristow, Chief Probation Officer  
Grayson County Juvenile Probation Department  
86 Dyess  
Denison, Texas 75020

Dear Mr. Bristow:

The audit report for the year ended August 31, 2008, has been reviewed and accepted.

Although your report, records, and working papers of the auditor will remain subject to review by appropriate state auditors and Texas Juvenile Probation Commission program and fiscal monitors, we will consider the audit closed.

Thank you and your auditor for your attention and cooperation in the completion of the audit report. If you need additional information, please contact me (512) 424-6694.

Sincerely,

A handwritten signature in blue ink that reads "Annie Collier".

Annie Collier  
Director, Fiscal Division

cc: J. Richey Rivers, Fiscal Officer

Pattillo, Brown, & Hill, L.L.P.  
401 West Highway 6  
P.O. Box 20725  
Waco, TX 76702

**GRAYSON COUNTY  
COMMUNITY SUPERVISION  
AND CORRECTIONS DEPARTMENT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED AUGUST 31, 2008**

**WITH INDEPENDENT AUDITORS' REPORT**

**GRAYSON COUNTY COMMUNITY SUPERVISION  
AND CORRECTIONS DEPARTMENT**

YEAR ENDED AUGUST 31, 2008

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**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, 2008, 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, 2008, 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, 2008, 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 27, 2009, 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.

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

March 27, 2009

**GRAYSON COUNTY COMMUNITY SUPERVISION  
AND CORRECTIONS DEPARTMENT**

**COMBINED STATEMENT OF FINANCIAL POSITION**

**AUGUST 31, 2008**

**ASSETS**

	<u>Supervision</u>	<u>Community Corrections</u>	<u>Diversion Program</u>	<u>Total</u>
Cash	\$ <u>189,835</u>	\$ <u>16,667</u>	\$ <u>13,483</u>	\$ <u>219,985</u>
<b>Total Cash</b>	<u>189,835</u>	<u>16,667</u>	<u>13,483</u>	<u>219,985</u>
<b>Total Assets</b>	<u>\$ 189,835</u>	<u>\$ 16,667</u>	<u>\$ 13,483</u>	<u>\$ 219,985</u>

**LIABILITIES AND FUND BALANCE**

<b>Liabilities</b>				
Accounts payable	\$ <u>26,450</u>	\$ <u>455</u>	\$ <u>149</u>	\$ <u>27,054</u>
<b>Total Liabilities</b>	<u>26,450</u>	<u>455</u>	<u>149</u>	<u>27,054</u>
<b>Fund Balance</b>	<u>163,385</u>	<u>16,212</u>	<u>13,334</u>	<u>192,931</u>
<b>Total Liabilities and     Fund Balance</b>	<u>\$ 189,835</u>	<u>\$ 16,667</u>	<u>\$ 13,483</u>	<u>\$ 219,985</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, 2008**

	<u>Supervision</u>	<u>Community Corrections</u>	<u>Diversion Program</u>	<u>Treatment Alternatives to Incarceration</u>	<u>Total</u>
<b>REVENUE</b>					
State aid	\$ 499,850	\$ 216,606	\$ 245,227	\$ 83,300	\$ 1,044,983
State aid: SAFPF	22,873	-	-	-	22,873
Community supervision fees	917,869	-	-	-	917,869
Interest income	10,527	-	-	-	10,527
Other	292	-	-	-	292
Total Revenue	<u>1,451,411</u>	<u>216,606</u>	<u>245,227</u>	<u>83,300</u>	<u>1,996,544</u>
<b>EXPENDITURES</b>					
Salaries and fringe benefits	1,176,701	194,835	100,001	-	1,471,537
Travel and furnished transportation	33,465	-	988	-	34,453
Contract services	64,542	4,033	139,545	82,675	290,795
Professional fees	27,755	1,526	1,839	625	31,745
Supplies and operating expenses	65,640	-	6,423	-	72,063
Facilities	14,400	-	-	-	14,400
Utilities	29,186	-	-	-	29,186
Equipment	8,421	-	-	-	8,421
Total Expenditures	<u>1,420,110</u>	<u>200,394</u>	<u>248,796</u>	<u>83,300</u>	<u>1,952,600</u>
<b>EXCESS OF REVENUE OVER (UNDER)</b>					
<b>EXPENDITURES</b>	31,301	16,212	( 3,569)	-	43,944
<b>FUND BALANCE,</b>					
<b>SEPTEMBER 1, 2007</b>	148,987	-	-	-	148,987
<b>INTERFUND TRANSFER IN (OUT)</b>					
( 16,903)	<u>-</u>	<u>-</u>	<u>16,903</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE,</b>					
<b>AUGUST 31, 2008</b>	<u>\$ 163,385</u>	<u>\$ 16,212</u>	<u>\$ 13,334</u>	<u>\$ -</u>	<u>\$ 192,931</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, 2008**

	<u>Mentally Challenged Specialized Caseload</u>	<u>Outpatient Substance Abuse Program</u>	<u>Total</u>
<b>REVENUE</b>			
State aid	\$ 40,542	\$ 204,685	\$ 245,227
Total Revenue	<u>40,542</u>	<u>204,685</u>	<u>245,227</u>
<b>EXPENDITURES</b>			
Salaries and fringe benefits	57,141	42,860	100,001
Travel and furnished transportation	-	988	988
Contract services	-	139,545	139,545
Professional fees	304	1,535	1,839
Supplies and operating expenses	-	6,423	6,423
Total Expenditures	<u>57,445</u>	<u>191,351</u>	<u>248,796</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 16,903)	13,334	( 3,569)
<b>FUND BALANCE, SEPTEMBER 1, 2007</b>	-	-	-
<b>INTERFUND TRANSFER IN (OUT)</b>	<u>16,903</u>	<u>-</u>	<u>16,903</u>
<b>FUND BALANCE, AUGUST 31, 2008</b>	<u>\$ -</u>	<u>\$ 13,334</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**

**SUPERVISION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2008**

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
<b>REVENUE</b>				
State aid	\$ 499,849	\$ 499,850	\$ 1	\$ 451,528
SAFPF payments	-	22,873	22,873	15,400
Community supervision fees	900,000	917,869	17,869	824,786
Interest income	10,064	10,527	463	13,584
Other	-	292	292	1,490
Total Revenue	1,409,913	1,451,411	41,498	1,306,788
<b>EXPENDITURES</b>				
Salaries and fringe benefits	1,261,768	1,176,701	85,067	1,227,814
Travel and furnished transportation	47,600	33,465	14,135	29,071
Contract services	72,500	64,542	7,958	43,653
Professional fees	27,549	27,755	( 206)	18,982
Supplies and operating expenses	86,800	65,640	21,160	55,951
Facilities	24,000	14,400	9,600	14,976
Utilities	35,850	29,186	6,664	35,551
Equipment	16,300	8,421	7,879	4,197
Total Expenditures	1,572,367	1,420,110	152,257	1,430,195
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 162,454)	31,301	193,755	( 123,407)
<b>FUND BALANCE, SEPTEMBER 1, 2007</b>	148,987	148,987	-	288,467
<b>INTERFUND TRANSFER IN (OUT)</b>	( 9,429)	( 16,903)	( 7,474)	( 16,073)
<b>FUND BALANCE, AUGUST 31, 2008</b>	\$ ( 22,896)	\$ 163,385	\$ 186,281	\$ 148,987

**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, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>REVENUE</b>				
State aid	\$ 203,531	\$ 216,606	\$ 13,075	\$ 217,882
Total Revenue	<u>203,531</u>	<u>216,606</u>	<u>13,075</u>	<u>217,882</u>
<b>EXPENDITURES</b>				
Salaries and fringe benefits	200,812	194,835	5,977	193,135
Travel and furnished transportation	-	-	-	314
Contract services	-	4,033	( 4,033)	22,506
Professional fees	1,526	1,526	-	1,933
Supplies and operating	<u>1,193</u>	<u>-</u>	<u>1,193</u>	<u>-</u>
Total Expenditures	<u>203,531</u>	<u>200,394</u>	<u>3,137</u>	<u>217,888</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>				
	-	16,212	16,212	( 6)
<b>FUND BALANCE, SEPTEMBER 1, 2007</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
<b>FUND BALANCE, AUGUST 31, 2008</b>				
	<u>\$ -</u>	<u>\$ 16,212</u>	<u>\$ 16,212</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  
MENTALLY CHALLENGED SPECIALIZED CASELOAD**

**FOR THE YEAR ENDED AUGUST 31, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>REVENUE</b>				
State aid	\$ 40,542	\$ 40,542	\$ -	\$ 36,042
Total Revenue	40,542	40,542	-	36,042
<b>EXPENDITURES</b>				
Salaries and fringe benefits	48,867	57,141	( 8,274)	51,878
Professional fees	1,104	304	800	237
Total Expenditures	49,971	57,445	( 7,474)	52,115
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 9,429)	( 16,903)	( 7,474)	( 16,073)
<b>FUND BALANCE, SEPTEMBER 1, 2007</b>	-	-	-	-
<b>INTERFUND TRANSFER IN (OUT)</b>	-	16,903	16,903	16,073
<b>FUND BALANCE, AUGUST 31, 2008</b>	\$( 9,429)	\$ -	\$ 9,429	\$ -

**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, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>REVENUE</b>				
State aid	\$ 204,685	\$ 204,685	\$ -	\$ -
Total Revenue	<u>204,685</u>	<u>204,685</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Salaries and fringe benefits	43,543	42,860	683	-
Travel and furnished transportation	2,100	988	1,112	-
Contract services	139,507	139,545	( 38)	-
Professional fees	1,535	1,535	-	-
Supplies and operating expenses	<u>18,000</u>	<u>6,423</u>	<u>11,577</u>	<u>-</u>
Total Expenditures	<u>204,685</u>	<u>191,351</u>	<u>13,334</u>	<u>-</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>13,334</b>	<b>13,334</b>	<b>-</b>
<b>FUND BALANCE, SEPTEMBER 1, 2007</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, AUGUST 31, 2008</b>	<u>\$ -</u>	<u>\$ 13,334</u>	<u>\$ 13,334</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**

**TREATMENT ALTERNATIVES TO  
INCARCERATION PROGRAM**

**FOR THE YEAR ENDED AUGUST 31, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
<b>REVENUE</b>				
State aid	\$ 83,300	\$ 83,300	\$ -	\$ 185,630
Total Revenue	<u>83,300</u>	<u>83,300</u>	<u>-</u>	<u>185,630</u>
<b>EXPENDITURES</b>				
Contract services	82,675	82,675	-	198,568
Professional fees	625	625	-	1,392
Total Expenditures	<u>83,300</u>	<u>83,300</u>	<u>-</u>	<u>199,960</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	-	-	-	( 14,330)
<b>FUND BALANCE, SEPTEMBER 1, 2007</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,330</u>
<b>FUND BALANCE, AUGUST 31, 2008</b>	<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**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2008**

**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 \$8,274 for salaries and fringe benefits in the Mentally Challenged Specialized Caseload Program. The amounts were offset by existing fund balance in the funds.

**5. VENDOR CONTRACTS OVER \$100,000**

During the year, the Department contracted with the following vendor for offender services:

<u>Vendor</u>	<u>Contract Value</u>
Alcoholic services of Texoma, Inc.	\$ <u>180,000</u>

There is a valid contract in place with this vendor.



**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, 2008**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
<b>REVENUE</b>			
State aid	\$ 499,850	\$ 499,850	\$ -
SAFPF payments	22,873	22,873	-
Community supervision fees	917,869	917,869	-
Interest income	10,527	10,527	-
Other	<u>292</u>	<u>292</u>	<u>-</u>
Total Revenue	<u>1,451,411</u>	<u>1,451,411</u>	<u>-</u>
<b>EXPENDITURES</b>			
Salaries and fringe benefits	1,176,701	1,176,701	-
Travel and furnished transportation	33,465	33,465	-
Contract services	64,542	64,542	-
Professional fees	27,755	27,755	-
Supplies and operating expenses	65,640	65,640	-
Facilities	14,400	14,400	-
Utilities	29,186	29,186	-
Equipment	<u>8,421</u>	<u>8,421</u>	<u>-</u>
Total Expenditures	<u>1,420,110</u>	<u>1,420,110</u>	<u>-</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	31,301	31,301	-
<b>FUND BALANCE, SEPTEMBER 1, 2007</b>	148,987	148,987	-
<b>INTERFUND TRANSFER IN (OUT)</b>	<u>( 16,903)</u>	<u>( 16,903)</u>	<u>-</u>
<b>FUND BALANCE, AUGUST 31, 2008</b>	<u>\$ 163,385</u>	<u>\$ 163,385</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, 2008**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
<b>REVENUE</b>			
State aid	\$ 216,606	\$ 216,606	\$ -
Total Revenue	<u>216,606</u>	<u>216,606</u>	<u>-</u>
<b>EXPENDITURES</b>			
Salaries and fringe benefits	194,835	194,835	-
Contract services	4,033	4,033	-
Professional fees	<u>1,526</u>	<u>1,526</u>	<u>-</u>
Total Expenditures	<u>200,394</u>	<u>200,394</u>	<u>-</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	16,212	16,212	-
<b>FUND BALANCE, SEPTEMBER 1, 2007</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, AUGUST 31, 2008</b>	<u>\$ 16,212</u>	<u>\$ 16,212</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, 2008**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
<b>REVENUE</b>			
State aid	\$ 40,542	\$ 40,542	\$ -
Total Revenue	<u>40,542</u>	<u>40,542</u>	<u>-</u>
<b>EXPENDITURES</b>			
Salaries and fringe benefits	57,141	57,141	-
Professional fees	<u>304</u>	<u>304</u>	<u>-</u>
Total Expenditures	<u>57,445</u>	<u>57,445</u>	<u>-</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	( 16,903)	( 16,903)	-
<b>FUND BALANCE, SEPTEMBER 1, 2007</b>	-	-	-
<b>INTERFUND TRANSFER IN (OUT)</b>	<u>16,903</u>	<u>16,903</u>	<u>-</u>
<b>FUND BALANCE, AUGUST 31, 2008</b>	<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, 2008**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
<b>REVENUE</b>			
State aid	\$ 204,685	\$ 204,685	\$ -
Total Revenue	<u>204,685</u>	<u>204,685</u>	<u>-</u>
<b>EXPENDITURES</b>			
Salaries and fringe benefits	42,860	42,860	-
Travel and furnished transportation	988	988	-
Contract services	139,545	139,545	-
Professional fees	1,535	1,535	-
Supplies and operating expenses	<u>6,423</u>	<u>6,423</u>	<u>-</u>
Total Expenditures	<u>191,351</u>	<u>191,351</u>	<u>-</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	13,334	13,334	-
<b>FUND BALANCE, SEPTEMBER 1, 2007</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, AUGUST 31, 2008</b>	<u>\$ 13,334</u>	<u>\$ 13,334</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, 2008**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
<b>REVENUE</b>			
State aid	\$ 83,300	\$ 83,300	\$ -
Total Revenue	<u>83,300</u>	<u>83,300</u>	<u>-</u>
<b>EXPENDITURES</b>			
Contract services	82,675	82,675	-
Professional fees	<u>625</u>	<u>625</u>	<u>-</u>
Total Expenditures	<u>83,300</u>	<u>83,300</u>	<u>-</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	-	-	-
<b>FUND BALANCE, SEPTEMBER 1, 2007</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, AUGUST 31, 2008</b>	<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, 2008, and have issued our report thereon dated March 27, 2009. 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 27, 2009

**GRAYSON COUNTY COMMUNITY SUPERVISION  
AND CORRECTIONS DEPARTMENT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FOR THE YEAR ENDED AUGUST 31, 2008**

**Findings and Questioned Costs**

None

**GRAYSON COUNTY COMMUNITY SUPERVISION  
AND CORRECTIONS DEPARTMENT**

**FISCAL YEAR 2008 TDCJ-CJAD COMPLIANCE CHECKLIST**

**FOR THE YEAR ENDED AUGUST 31, 2008**

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

- Yes Separate accountability is to be 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 to be observed at the end of each fiscal period. The cut-off date for revenue recognition and expenditure payments of FY 2008 is October 31, 2008. The modified accrual basis of accounting is used in preparing the fourth quarterly 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, 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 fiscal guidelines.
- 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-CJAD funded programs 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 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 in place to monitor vendor contract compliance and operates by the policy.
- Yes The CSCD has an existing policy on budget approval and operates by that policy.
- Yes The CSCD has a policy regarding eligibility for employee salary merit increases.