

**GRAYSON COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED AUGUST 31, 2015

WITH INDEPENDENT AUDITORS' REPORT

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

YEAR ENDED AUGUST 31, 2015

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COMBINED FINANCIAL STATEMENTS

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

INDEPENDENT AUDITORS' REPORT

Grayson County Community
Supervision and Corrections Department
Sherman, Texas

Report on the Financial Statements

We have audited the accompanying combined statement of financial position as of August 31, 2015, the combined statement of revenue, expenditures and changes in fund balance, the combining statement of revenues, expenditures and change in fund balance – Diversion Program Funds and the individual statements of revenue, expenditures and changes in fund balance – budget, actual, and variance for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise Grayson County Community Supervision and Corrections Department (CSCD) basic financial statements, and have issued our report thereon dated February 22, 2016.

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.

Auditors' 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 opinions.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the combined statement of financial position as of August 31, 2015, and the combined statement of revenue, expenditures and changes in fund balance, the combining statement of revenues, expenditures, and changes in fund balances – Diversion Program Funds and the individual statements of revenue, expenditures and changes in fund balance – budget, actual, and variance for the year ended August 31, 2015, and the related notes to the financial statements of Grayson County Community Supervision and Corrections Department, 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 on the basis of 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 Matter

As discussed in Note 1, the financial statements present the operations of the Grayson County Community Supervision and Corrections Department 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 Community Supervision and Corrections Department’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 the Audit Report and CSCD Reports Sent 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 22, 2016, on our consideration of the 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 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 Community Supervision and Corrections Department’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 Community Supervision and Corrections Department, 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.

Patillo, Brown & Hill, L.L.P.

Waco, Texas
February 22, 2016

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**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
COMBINED STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2015**

	<u>Basic Supervision</u>	<u>Community Corrections</u>	<u>Diversion Program</u>	<u>Treatment Alternatives to Incarceration</u>	<u>Total</u>
ASSETS					
Cash and investments					
Bank balances	\$ 1,204,444	\$ 8,752	\$ 29,646	\$ 10,043	\$ 1,252,885
Total cash and investments	<u>1,204,444</u>	<u>8,752</u>	<u>29,646</u>	<u>10,043</u>	<u>1,252,885</u>
 Total assets	 <u>1,204,444</u>	 <u>8,752</u>	 <u>29,646</u>	 <u>10,043</u>	 <u>1,252,885</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	53,200	-	9,836	-	63,036
Salaries payable	57,869	8,752	5,476	3,465	75,562
Due to TDCJ-CJAD	<u>-</u>	<u>-</u>	<u>14,334</u>	<u>6,578</u>	<u>20,912</u>
Total liabilities	<u>111,069</u>	<u>8,752</u>	<u>29,646</u>	<u>10,043</u>	<u>159,510</u>
 Fund Balance	 <u>1,093,375</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>1,093,375</u>
 Total liabilities and Fund balance	 <u>\$ 1,204,444</u>	 <u>\$ 8,752</u>	 <u>\$ 29,646</u>	 <u>\$ 10,043</u>	 <u>\$ 1,252,885</u>

The accompanying notes are an integral part of these financial statements

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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, 2015**

	Basic Supervision	Community Corrections	Diversion Program	Treatment Alternatives to Incarceration	Total
REVENUE					
State aid	\$ 181,151	\$ 225,837	\$ 221,074	\$ 88,923	\$ 716,985
State aid: SAFPF	19,106	-	-	-	19,106
Community supervision fees	1,207,992	-	-	-	1,207,992
Payments by program participants	73,809	-	-	-	73,809
Interest income	4,066	-	-	-	4,066
Other revenue	6,700	-	-	-	6,700
Total revenue	<u>1,492,824</u>	<u>225,837</u>	<u>221,074</u>	<u>88,923</u>	<u>2,028,658</u>
EXPENDITURES					
Salaries and fringe benefits	1,407,990	226,699	142,467	90,417	1,867,573
Travel and furnished transportation	30,678	-	15,802	-	46,480
Contract services for offenders	18,068	-	64,296	-	82,364
Professional fees	85,490	1,657	1,707	667	89,521
Supplies and operating expenses	97,147	2,050	14,855	-	114,052
Utilities	9,165	-	-	-	9,165
Equipment	52,150	-	5,747	-	57,897
Total expenditures	<u>1,700,688</u>	<u>230,406</u>	<u>244,874</u>	<u>91,084</u>	<u>2,267,052</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES					
	(207,864)	(4,569)	(23,800)	(2,161)	(238,394)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	4,569	18,937	-	23,506
Transfers out	(23,506)	-	-	-	(23,506)
Total other financing sources (uses)	<u>(23,506)</u>	<u>4,569</u>	<u>18,937</u>	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2014	1,324,745	-	19,197	8,739	1,352,681
REFUND DUE TO TDCJ-CJAD	<u>-</u>	<u>-</u>	<u>(14,334)</u>	<u>(6,578)</u>	<u>(20,912)</u>
FUND BALANCE, AUGUST 31, 2015	<u>\$ 1,093,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,093,375</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, 2015**

	<u>Mentally Challenged Specialized Caseload</u>	<u>Outpatient Substance Abuse Program</u>	<u>Total</u>
REVENUE			
State aid	\$ <u>32,735</u>	\$ <u>188,339</u>	\$ <u>221,074</u>
Total revenue	<u>32,735</u>	<u>188,339</u>	<u>221,074</u>
EXPENDITURES			
Salaries and fringe benefits	51,426	91,041	142,467
Travel and Furnished Transportation	-	15,802	15,802
Contact Services for Offenders	-	64,296	64,296
Professional fees	246	1,461	1,707
Supplies and operating expenses	-	14,855	14,855
Equipment	<u>-</u>	<u>5,747</u>	<u>5,747</u>
Total expenditures	<u>51,672</u>	<u>193,202</u>	<u>244,874</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(18,937)	(4,863)	(23,800)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>18,937</u>	<u>-</u>	<u>18,937</u>
Total other financing sources (uses)	<u>18,937</u>	<u>-</u>	<u>18,937</u>
FUND BALANCE, SEPTEMBER 1, 2014	-	19,197	19,197
REFUND DUE TO CJAD	<u>-</u>	<u>(14,334)</u>	<u>(14,334)</u>
FUND BALANCE, AUGUST 31, 2015	<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, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 181,151	\$ 181,151	\$ -
State aid: SAFPF	-	19,106	19,106
Community supervision fees	949,824	1,207,992	258,168
Payments by program participants	-	73,809	73,809
Interest income	2,101	4,066	1,965
Other revenue	<u>51,248</u>	<u>6,700</u>	<u>(44,548)</u>
Total revenue	<u>1,184,324</u>	<u>1,492,824</u>	<u>308,500</u>
EXPENDITURES			
Salaries and fringe benefits	1,390,895	1,407,990	(17,095)
Travel and furnished transportation	107,500	30,678	76,822
Contract services for offenders	94,000	18,068	75,932
Professional fees	138,420	85,490	52,930
Supplies and operating expenses	141,557	97,147	44,410
Utilities	6,500	9,165	(2,665)
Equipment	<u>80,500</u>	<u>52,150</u>	<u>28,350</u>
Total expenditures	<u>1,959,372</u>	<u>1,700,688</u>	<u>258,684</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(775,048)	(207,864)	567,184
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(26,773)</u>	<u>(23,506)</u>	<u>3,267</u>
Total other financing sources (uses)	<u>(26,773)</u>	<u>(23,506)</u>	<u>3,267</u>
FUND BALANCE, SEPTEMBER 1, 2014	<u>801,821</u>	<u>1,324,745</u>	<u>522,924</u>
FUND BALANCE, AUGUST 31, 2015	<u>\$ -</u>	<u>\$ 1,093,375</u>	<u>\$ 1,093,375</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
COMMUNITY CORRECTIONS PROGRAM
INTENSIVE SUPERVISION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2015**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 225,837	\$ 225,837	\$ -
Total revenue	225,837	225,837	-
EXPENDITURES			
Salaries and fringe benefits	220,072	226,699	(6,627)
Professional fees	1,657	1,657	-
Supplies and operating	4,108	2,050	2,058
Total expenditures	225,837	230,406	(4,569)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	-	(4,569)	(4,569)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	4,569	4,569
Total other financing sources (uses)	-	4,569	4,569
FUND BALANCE, SEPTEMBER 1, 2014			
	-	-	-
FUND BALANCE, AUGUST 31, 2015			
	\$ -	\$ -	\$ -

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
DIVERSION PROGRAM
MENTALLY CHALLENGED SPECIALIZED CASELOAD
FOR THE YEAR ENDED AUGUST 31, 2015**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 32,735	\$ 32,735	\$ -
Total revenue	32,735	32,735	-
EXPENDITURES			
Salaries and fringe benefits	49,340	51,426	(2,086)
Professional fees	246	246	-
Total expenditures	49,586	51,672	(2,086)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(16,851)	(18,937)	(2,086)
OTHER FINANCING SOURCES (USES)			
Transfers in	16,851	18,937	2,086
Total other financing sources (uses)	16,851	18,937	2,086
FUND BALANCE, SEPTEMBER 1, 2014	-	-	-
FUND BALANCE, AUGUST 31, 2015	\$ -	\$ -	\$ -

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
DIVERSION PROGRAM
OUTPATIENT SUBSTANCE ABUSE PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2015**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 194,791	\$ 188,339	\$(6,452)
Total revenue	<u>194,791</u>	<u>188,339</u>	<u>(6,452)</u>
EXPENDITURES			
Salaries and fringe benefits	94,024	91,041	2,983
Travel and furnished transportation	15,800	15,802	(2)
Contract services for offenders	70,000	64,296	5,704
Professional fees	1,461	1,461	-
Supplies and operating expenses	12,253	14,855	(2,602)
Equipment	<u>5,125</u>	<u>5,747</u>	<u>(622)</u>
Total expenditures	<u>198,663</u>	<u>193,202</u>	<u>5,461</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(3,872)	(4,863)	(991)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>3,872</u>	<u>-</u>	<u>(3,872)</u>
Total other financing sources (uses)	<u>3,872</u>	<u>-</u>	<u>(3,872)</u>
FUND BALANCE, SEPTEMBER 1, 2014	-	19,197	19,197
REFUND DUE TO TDCJ-CJAD	<u>-</u>	<u>(14,334)</u>	<u>(14,334)</u>
FUND BALANCE, AUGUST 31, 2015	<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
TREATMENT ALTERNATIVES TO
INCARCERATION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
State aid	\$ 88,923	\$ 88,923	\$ -
Total revenue	<u>88,923</u>	<u>88,923</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	94,306	90,417	3,889
Professional fees	<u>667</u>	<u>667</u>	<u>-</u>
Total expenditures	<u>94,973</u>	<u>91,084</u>	<u>3,889</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(6,050)	(2,161)	3,889
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>6,050</u>	<u>-</u>	<u>(6,050)</u>
Total other financing sources (uses)	<u>6,050</u>	<u>-</u>	<u>(6,050)</u>
FUND BALANCE, SEPTEMBER 1, 2014	<u>-</u>	<u>8,739</u>	<u>8,739</u>
REFUND DUE TO CJAD	<u>-</u>	<u>(6,578)</u>	<u>(6,578)</u>
FUND BALANCE, AUGUST 31, 2015	<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**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

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 Community Justice Assistance Division of the Texas Department of Criminal Justice from State Appropriations for the Basic Supervision Fund, Community Corrections Program Fund, Diversion Program Grant Funds, Treatment Alternatives to Incarceration Program Grant Fund, 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 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 accounting principles general accepted in the United States of America.

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 are accounted for using either the cash basis of accounting or the modified accrual basis of accounting until the last quarter when the modified accrual basis of accounting must be used.

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, 2015 for financial activity performed by August 31, 2015, are considered available. Also purchases for which the commitment has been established by August 31, 2015, are considered liabilities regardless of whether possession of these goods has been received by August 31, 2015, provided that the liability purchase is received and is paid for by October 31, 2015. 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)

The budgets governing the funding to the programs are prepared at the beginning of each biennium and approved by the district judges and the criminal court-at-law judges with jurisdiction over the department in an open meeting and by the Texas Department of Criminal Justice - Community Justice Assistance Division. Only budget adjustment requests, at year end, received by September 30, 2015 will be reviewed and approved/disapproved by TDCJ-CJAD. TDCJ-CJAD will not accept any budget adjustments after September 30, 2015 for the previous fiscal year. Only budget adjustments approved by TDCJ-CJAD are referred to in performing the financial audit.

Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized. All encumbrances not liquidated by October 31, 2015 became part of the subsequent year's budget.

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accrued sick pay benefits are lost upon termination. The dollar amount of these compensated absences at August 31, 2015 is \$76,195. A liability for vacation and sick leave is not recorded in these financial statements.

2. FUNDING SOURCES – STATE AID

Basic Supervision Fund

This state funding is a per capita allocation based on statistics from the previous full calendar year. The per capita formula includes calendar year misdemeanor placements, direct felony and felony pre-trial cases. Funding is first allocated to misdemeanor placements for 182 days. The remaining funding is allocated to felons under community supervision and pretrial supervision based on the CSCD's share of the state total population of direct and pretrial felons. Basic Supervision is distributed only to CSCDs.

Community Corrections (CC) Program Fund

This appropriation line item 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 funds.

Diversion Program (DP) Grant Funds

This discretionary appropriation line item funding is awarded on a competitive basis. The priorities for distribution are determined biennially. All requests are reviewed by TDCJ-CJAD staff, approved by management and then presented to the Judicial Advisory Council. Diversion Program funds shall not be used for Basic Supervision services.

Substance Abuse Felony Punishment Facility (SAFPF) Funding: Aftercare caseloads are funded on a per case basis and must meet specific supervision requirements. Funding for SAFP aftercare caseloads is allocated by TDCJ-CJAD through the DP line item but is budgeted and reported by CSCDs as state aid under Basic Supervision.

Dedicated Salary Funding: Funds were appropriated by the 81st Legislature specifically for community supervision officers and direct care staff salary increases of 3.5% of the salaries as of August 31, 2009 for FY2010 and another 3.5% increase of the August 31, 2009 salaries for FY 2011. To date, the dedicated salary funding amounts are the same as in FY 2011. Appropriations of the Dedicated Salary are allocated by TDCJ-CJAD through the DP line item but are budgeted and reported by CSCDs as state aid under Basic Supervisions.

Treatment Alternative to Incarceration Programs (TAIP) Grant Fund

The Treatment Alternative to Incarcerations Program provides a continuum of substance abuse treatment services and accountability programming for individual offenders, subject to TAIP funding and guidelines. Services include assessment, screening, and referral to treatment services.

3. FUNDS COLLECTED BY THE CSCD FROM SOURCES OTHER THAN TDCJ-CJAD WHICH ARE REQUIRED TO BE REPORTED ON THE TDCJ-CJAD QUARTERLY FINANCIAL REPORTS (community supervision fees collected, program participation fees collected, county contributions, donations, interest, commissions, etc.)

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, 2015:

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions
Supervision Fees	\$ 1,207,992	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Payments by Program Participants	73,809	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Interest Income	4,066	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Credit Card Fees	5,014	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
HHS Commission on Restitution	1,686	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes

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.

4. FUNDS COLLECTED BY THE CSCD FROM SOURCES OTHER THAN TDCJ-CJAD WHICH ARE NOT REQUIRED TO BE REPORTED ON THE TDCJ-CJAD QUARTERLY FINANCIAL REPORTS (civil fees, victim restitution funds, federal grants, bond supervision funds, grants from sources other than TDCJ-CJAD, etc.)

The Department utilized the following funds collected from sources other than TDCJ-CJAD which are not required to be reported for the year ended August 31, 2015:

Source	Amount Received	Restrictions for Use	Accordance with Restrictions	Fund Balance
Victim Restitution	\$ 364,000	Government Code 76.013, paid directly to victim within certain timelines	Yes	\$ -
Bond Supervision Fee	52,986	Article 17.40 of the Code of Criminal Procedure \ Senate Bill (SB) 880 in the 82nd Legislature	Yes	-
Supervision Fee for Sex Offenders	1,919	Article 42.12, Section 19 (f) of the Code of Criminal Procedure	Yes	-
Attorney Fees	14,363	Local Government Code, Chapter 113, Section 113.022	Yes	-
Overpayment of Court Fees	395	Paid directly to Probationers	Yes	-
Family Violence	4,892	Code of Criminal Procedure, Article 42.12, Section 11, Subsection (h)	Yes	-
DPS Fees	12,978	Paid directly to the DPS for fee reimbursement	Yes	-
Civil UA Fees	175	Local Government Code, Chapter 113, Section 113.022	Yes	-
Interpreter Fees	90	Local Government Code, Chapter 113, Section 113.022	Yes	-

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.

5. CASH, 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. Collection accounts must be transferred to the CSCD account within the time frames listed in Local Government Code 113.022. All CSCD funds must be in the county treasury and must be disbursed by the County Treasurer.

The Department does not maintain a petty cash account.

Idle funds to be invested, if any, shall only be 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.

6. EXCESS OF EXPENDITURES OVER BUDGETS IN INDIVIDUAL PROGRAMS

The Department had excess expenditures over \$15,000 or 15% of the approved line item budgeted amount as described in the table below.

	Budget	Actual	Variance Favorable (Unfavorable)	Over \$15,000	Over 15%
Basic Supervision Program					
Utilities	\$ 6,500	\$ 9,165	\$(2,665)	\$ -	\$ 1,690
Outpatient Substance Abuse Program					
Supplies and operating expenses	12,253	14,855	(2,602)	-	764

7. ACCOUNTS RECEIVABLE AND\OR PAYABLE AND\OR INTERFUND TRANSFERS RECEIVABLE AND\OR PAYABLE AT AUGUST 31, 2015

The accounts payable consists of payments to vendors for services or supplies outstanding as of August 31, 2015. There were no interfund receivable or payable balances at August 31, 2015.

8. VENDOR CONTRACTS FOR OFFENDER SERVICES

The Department did not have any vendors that provided services to offenders in excess of \$100,000.

9. 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, 2015.

10. PRIOR PERIOD ADJUSTMENTS AND REFUNDS

The Department had no material prior period adjustments or refunds that require disclosure.

11. SUBSEQUENT EVENTS

The Department has no subsequent events that require disclosure.

SUPPLEMENTARY SCHEDULES

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**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS SENT TO TDCJ-CJAD
BASIC SUPERVISION
FOR THE YEAR ENDED AUGUST 31, 2015**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 181,151	\$ 181,151	\$ -
State aid: SAFPF	19,106	19,106	-
Community supervision fees	1,207,992	1,207,992	-
Payments made by program participants	73,809	73,809	-
Interest income	4,066	4,066	-
Other revenue	<u>6,700</u>	<u>6,700</u>	<u>-</u>
Total revenue	<u>1,492,824</u>	<u>1,492,824</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	1,407,990	1,407,990	-
Travel and furnished transportation	30,678	30,678	-
Contract services for offenders	18,068	18,068	-
Professional fees	85,490	85,490	-
Supplies and operating expenses	97,147	97,147	-
Utilities	9,165	9,165	-
Equipment	<u>52,150</u>	<u>52,150</u>	<u>-</u>
Total expenditures	<u>1,700,688</u>	<u>1,700,688</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(207,864)	(207,864)	-
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(23,506)</u>	<u>(23,506)</u>	<u>-</u>
Total other financing sources (uses)	<u>(23,506)</u>	<u>(23,506)</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2014	<u>1,324,745</u>	<u>1,324,745</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2015	<u>\$ 1,093,375</u>	<u>\$ 1,093,375</u>	<u>\$ -</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS SENT TO TDCJ-CJAD
COMMUNITY CORRECTIONS PROGRAM
INTENSIVE SUPERVISION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2015**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 225,837	\$ 225,837	\$ -
Total revenue	<u>225,837</u>	<u>225,837</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	226,699	226,699	-
Professional fees	1,657	1,657	-
Supplies and operating	<u>2,050</u>	<u>2,050</u>	<u>-</u>
Total expenditures	<u>230,406</u>	<u>230,406</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(4,569)	(4,569)	-
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>4,569</u>	<u>4,569</u>	<u>-</u>
Total other financing sources (uses)	<u>4,569</u>	<u>4,569</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS SENT TO TDCJ-CJAD
DIVERSION PROGRAM
MENTALLY CHALLENGED SPECIALIZED CASELOAD
FOR THE YEAR ENDED AUGUST 31, 2015**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 32,735	\$ 32,735	\$ -
Total revenue	<u>32,735</u>	<u>32,735</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	51,426	51,426	-
Professional fees	<u>246</u>	<u>246</u>	<u>-</u>
Total expenditures	<u>51,672</u>	<u>51,672</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(18,937)	(18,937)	-
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>18,937</u>	<u>18,937</u>	<u>-</u>
Total other financing sources (uses)	<u>18,937</u>	<u>18,937</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS SENT TO TDCJ-CJAD
DIVERSION PROGRAM
OUTPATIENT SUBSTANCE ABUSE PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2015**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ <u>188,339</u>	\$ <u>188,339</u>	\$ <u>-</u>
Total revenue	<u>188,339</u>	<u>188,339</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	91,041	91,041	-
Contract services for offenders	64,296	64,296	-
Travel and furnished transportation	15,802	15,802	-
Professional fees	1,461	1,461	-
Supplies and operating expenses	14,855	14,855	-
Equipment	<u>5,747</u>	<u>5,747</u>	<u>-</u>
Total expenditures	<u>193,202</u>	<u>193,202</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	(4,863)	(4,863)	-
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2014	19,197	19,197	-
REFUND DUE TO TDCJ-CJAD	<u>(14,334)</u>	<u>(14,334)</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS SENT TO TDCJ-CJAD
TREATMENT ALTERNATIVES TO
INCARCERATION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2015**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 88,923	\$ 88,923	\$ -
Total revenue	<u>88,923</u>	<u>88,923</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	90,417	90,417	-
Professional fees	<u>667</u>	<u>667</u>	<u>-</u>
Total expenditures	<u>91,084</u>	<u>91,084</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(2,161)	(2,161)	-
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2014	<u>8,739</u>	<u>8,739</u>	<u>-</u>
REFUND DUE TO TDCJ-CJAD	<u>(6,578)</u>	<u>(6,578)</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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COMPLIANCE SECTION

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

INDEPENDENT AUDITORS' 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
Sherman, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Grayson County Community Supervision and Corrections Department, as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the Grayson County Community Supervision and Corrections Department's financial statements, and have issued our report thereon dated February 22, 2016.

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 (internal control) 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 Community Supervision and Corrections Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Grayson County Community Supervision and Corrections Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Community Supervision and Corrections Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of findings and responses as item 2015-1.

Grayson County CSCD's Response to Finding

Grayson County CSCD's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Grayson County CSCD's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Community Supervision and Corrections Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grayson County Community Supervision and Corrections Department'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 Community Supervision and Corrections Department, 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.

Patillo, Brown & Hill, L.L.P.

Waco, Texas
February 22, 2016

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED AUGUST 31, 2015

Findings No. 2015-001:

Criteria: The County’s actual expenditures, by category, may not exceed the final approved budget by more than \$15,000 or 15%.

Condition: The County exceeded expenditures as follows:

	Budget	Actual	Variance Favorable (Unfavorable)	Over \$15,000	Over 15%
Basic Supervision Program					
Utilities	\$ 6,500	\$ 9,165	\$(2,665)	\$ -	\$ 1,690
Outpatient Substance Abuse Program					
Supplies and operating expenses	12,253	14,855	(2,602)	-	764

Cause: The individual responsible for approving the contract expenditures did not submit a request for budget amendment prior to spending State funds.

Effect or potential effect: As a result of this finding, the expenditures noted above are deemed unauthorized expenditures and subject to refund per TDCJ-CJAD guidelines.

Statement of Corrective Action: The department will ensure that the County does not obligate expenditures in excess of 15% of the approved budget in the future, regardless of whether the excess is under \$15,000. The County interpreted the financial management manual, page 9, as such that they ensured that expenditures were not spent in excess of 15% or \$15,000, whichever is greater.

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Fiscal Year 2015 TDCJ-CJAD Compliance Checklist

Indicate whether these compliance requirements have been met by answering “Yes,” “No,” or “NA” (Not Applicable): (Note: The first eighteen (18) checklist items are to be answered “Yes” or “No” only.)

YES	NO	N/A	
<u>Yes</u>	___		Is separate accountability maintained for TDCJ-CJAD funds; i.e., fund accounting of self-balancing funds? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	___		Are Revenues and Expenditures reported to TDCJ-CJAD in agreement with, or reconcilable to, the funding recipient’s accounting records and with audited expenditures in each budget category? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	___		Are TDCJ-CJAD funds and locally generated revenues expended in accordance with the <i>Financial Management Manual for TDCJ-CJAD Funding (FMM)</i> , TDCJ-CJAD Standards, TDCJ-CJAD Field Correspondence, TDCJ-CJAD Policy Statements, Standard and Special Grant Conditions, and applicable laws? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	___		Are proper cutoff procedures observed at the end of each fiscal period? The cutoff date for revenues recognition and expenditures payments of FY 2015 is October 31, 2015.
<u>Yes</u>	___		Is the modified accrual basis of accounting used in preparing the fourth quarter reports for submission to TDCJ-CJAD? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
___	<u>No</u>		Are any TDCJ-CJAD funds used to pay judges’ salaries (unless specifically approved by TDCJ-CJAD in a Program Budget; i.e., DWI Courts), community justice council members’ salaries, or other court-related expenses? If any of these salaries or expenses are paid, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	___		Are expenditures and revenues supported by adequate documentation? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	___		Are all employees with access to funds covered by a surety bond? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	___		Does the CSCD have an existing policy on budget approval, operate by the policy, and the policy has been approved in an open meeting by the judges charged with oversight of the CSCD (Government Code, Section 76.002, and the <i>Financial Management Manual for TDCJ-CJAD Funding (FMM)</i> Pages 8-10). If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	___		Are all of the CSCD’s funds and collections deposited in the county treasury (county’s bank account)? (<i>FMM</i> Pages 7-8; Government Code, Section 509.011; Local Government Code, Section 140.003 (f); and Attorney General’s Opinion DM-257, dated September 15, 1993) If not, explain in the Notes to the Financial Statements and include in the Schedule of Findings and Questioned Costs.

<u>Yes</u>	_____	Are all of the CSCD's funds and collections disbursed by the county treasurer on behalf of the CSCD? (<i>FMM</i> Pages 7-8; Government Code, Section 509.011; Local Government Code, Section 140.003 (f); and Attorney General's Opinion DM-257, dated September 15, 1993) If not, explain in the Notes to the Financial Statements and include in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	_____	Are all of the CSCD's funds and collections deposited in the county treasury (county's bank account) within the time period required by Local Government Code 113.022? (<i>FMM</i> Pages 7-8) If not, explain in the Notes to the Financial Statements and include in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	_____	Did the Fiscal Officer follow the applicable laws, guidelines, and duties as specified on Pages 31-35 of the <i>Financial Management Manual for TDCJ-CJAD Funding</i> ? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	_____	Were purchasing laws, including required competitive bidding, followed as directed in accordance with the same procedures applicable to a county? (Texas Local Government Code Section 140.003 and Chapter 262, <i>FMM</i> Pages 35-36) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	_____	Were there any instances of fraud, non-compliance, waste, or abuse noted by the auditor (Chapter 4, Item 4.25 <i>Government Auditing Standards</i>)? If yes, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	_____	Are locally generated funds, and other collections, documented with a proper receipt system, and can they be traced to probationers' accounts, bank deposits and statements? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	_____	Is <u>equipment</u> physically inventoried and adequately supported with an inventory form? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	_____	Is surplus <u>equipment</u> disposed of in accordance with TDCJ-CJAD guidelines? (<i>FMM</i> Page 24) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
_____	_____	<u>NA</u> Was an explanation given in the Schedule of Differences for any changes or adjustments that were made to Revenues and Expenditures (by either the CSCD or the Independent Auditor) that adjusted the previous amounts reported to TDCJ-CJAD? If not, explain in the Schedule of Differences, Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
_____	_____	<u>NA</u> Are expenditures that benefit both juveniles and adults prorated on an equitable basis? Is determination of the method of prorating such expenditures supported by adequate documentation, including an annual time study? (<i>FMM</i> Page 26) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	_____	If the CSCD determines that an increase or decrease in revenue or expenditures is required, were budget adjustments submitted to TDCJ-CJAD, by September 30, 2015 , and in accordance with the <i>Financial Management Manual for TDCJ-CJAD Funding</i> ? (<i>FMM</i> Pages 8-10) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
<u>Yes</u>	_____	Are all non-TDCJ-CJAD funded program fees expended in accordance with applicable limitations; i.e., civil fees, Federal grants, bond fees, sex offender fees,

crime victims compensation fund fees, etc.? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

Yes ___ ___
Are Victim Restitution Funds accounted for in accordance with Texas Government Code, Section 76.013, and are unclaimed funds tracked for the required five-year period prior to sending to the State Comptroller? (*FMM* Page 28) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

Yes ___ ___
Have TDCJ-CJAD policies regarding contracts with vendors been followed, which includes maintaining a Contract Monitoring Plan (policy) to monitor vendor payments and compliance with contracts? (*CMM* and Pages 10-11 of these Guidelines) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

Yes ___ ___
Does the CSCD have a policy regarding eligibility for employee salary merit increases, if merit or one-time increases are given? (*FMM* Page 46) If such increases are given without a written policy, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

Yes ___ ___
If the CSCD allows offenders to pay a fee or donate goods to a local food bank in lieu of performing community service restitution (CSR) work hours, does the CSCD have a written **CSR Policy** stating this fact? (TDCJ-CJAD Policy Statement No. CJAD-PS-08) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

___ ___ NA
Are petty cash funds (not change funds) authorized by the county auditor or fiscal officer? (*FMM*, Pages 7-8, 20 and 34) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

___ ___ NA
Are petty cash funds used only for specific purposes for allowable items as listed in the *Financial Management Manual for TDCJ-CJAD Funding* and expended only for emergency situations authorized by a written policy and approved by the CSCD director? (*FMM*, Pages 7-8, 20 and 34) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

Yes ___ ___
Are Personal Bond, Pre-Trial Bond, Surety Bond, Bail and Certain Other Supervision expenses relating to CSCD employees supervising these cases paid from the administrative fees (and not from state-funded budgets) set in Article 76.015(c) of the Texas Government Code, as amended; i.e., salaries, fringe benefits, travel, supplies, equipment, etc., paid from these fees? If a CSCD employee (or more than one employee where cumulative time is not over 10% of one full-time equivalent position) spends no more than 10% of his/her time on the Bond/Other Supervision Program activities, separation of expenses is considered immaterial and is not required. However, all revenue generated from these fees must be accounted for separately in a local budget. Is this being properly captured? (*FMM* Pages 20-21 and TDCJ-CJAD Policy Statement No. CJAD-PS-09) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

___ ___ NA
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. Was cash matching properly authorized, budgeted, and expended? (*FMM* Pages 21-22) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

Yes ___ ___
The Texas Code of Criminal Procedure, Article 42.12, Section 19 (e) requires as a condition of probation that certain sex offenders pay \$5.00 per month during the

period of supervision. These fees are in addition to court costs or any other fee imposed on the offender as court ordered. Are these fees collected and accounted for by the CSCD and remitted to the State Comptroller? (*FMM* Page 27) If fees are collected, include them in the Note to the Financial Statements for funds not required to be budgeted. If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

Article 42.12, Section 11 (a) (18), Code of Criminal Procedure authorizes the court to order a defendant, as a condition of community supervision, to reimburse the Crime Victims' Compensation Fund for any amounts paid from that fund to a victim of the defendant's offense or, if no reimbursement is required, make one payment to the fund in an amount not to exceed \$50 if the offense is a misdemeanor or not to exceed \$100 if the offense is a felony. If these fees were collected, were they remitted to the State Comptroller in compliance with the timelines outlined by the State Comptroller's Office? (*FMM* Pages 28-29) If these fees are collected, include in the Note to the Financial Statements for funds not required to be budgeted. If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

___ ___ N/A

Were pretrial diversion/intervention fees properly collected and accounted for as payments by program participants? (*FMM* Pages 28-29, Government Code, Section 76.015 (c), Texas Code of Criminal Procedure, Article 102.012) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

___ ___ N/A

Is there proper identification on motor vehicles that are issued exempt license plates? (*FMM* Pages 29-30, Transportation Code, Chapter 721) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

Yes ___ ___

Is the transactions' administrative fee, if collected, accounted for on a consistent basis? (*FMM* Page 30) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

___ ___ N/A

If there were negative fund balances in programs, were they covered by interfund transfers as described in the *Financial Management Manual for TDCJ-CJAD Funding*? (*FMM* Pages 33-34) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

Yes ___ ___

Do action plans exist for all significant findings from previous audits, if applicable, and are action plans current? (Chapter 4, Item 4.05, *Government Auditing Standards*) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

___ ___ NA