

**GRAYSON COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED AUGUST 31, 2018

WITH INDEPENDENT AUDITORS' REPORT

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

YEAR ENDED AUGUST 31, 2018

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

INDEPENDENT AUDITORS' REPORT

Grayson County Community
Supervision and Corrections Department
Grayson County, Texas

We have audited the accompanying financial statements of the Grayson County Community Supervision and Corrections Department (CSCD), which comprise the combined statement of financial position as of August 31, 2018, the combined statement of revenue, expenditures and changes in fund balance, the combining statement of revenue, expenditures and changes in fund balance, and 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 1, 2019.

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 opinion.

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, 2018, the combined statement of revenue, expenditures and changes in fund balance, the combining statement of revenue, expenditures and changes in fund balance, the individual statements of revenue, expenditures and changes in fund balance – budget, actual and variance for the year ended August 31, 2018, 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 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 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 1, 2019, 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 1, 2019

COMBINED FINANCIAL STATEMENTS

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
COMBINED STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2018**

	Basic Supervision	Community Corrections	Diversion Program	Treatment Alternatives to Incarceration	Total
ASSETS					
Cash and investments					
Bank balances	\$ 1,355,034	\$ 4,780	\$ 8,715	\$ 4,660	\$ 1,373,189
Total cash and investments	<u>1,355,034</u>	<u>4,780</u>	<u>8,715</u>	<u>4,660</u>	<u>1,373,189</u>
ACCOUNTS RECEIVABLE					
Accounts receivable	19,686	-	-	-	19,686
Total Accounts Receivable	<u>19,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,686</u>
Total assets	<u>1,374,720</u>	<u>4,780</u>	<u>8,715</u>	<u>4,660</u>	<u>1,392,875</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	6,315	-	764	3,531	10,610
Salaries payable	28,765	4,780	7,951	1,129	42,625
Total liabilities	<u>35,080</u>	<u>4,780</u>	<u>8,715</u>	<u>4,660</u>	<u>53,235</u>
Fund Balance	<u>1,339,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,339,640</u>
Total liabilities and Fund balance	<u>\$ 1,374,720</u>	<u>\$ 4,780</u>	<u>\$ 8,715</u>	<u>\$ 4,660</u>	<u>\$ 1,392,875</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, 2018**

	Basic Supervision	Community Corrections	Diversion Program	Treatment Alternatives to Incarceration	Total
REVENUE					
State aid	\$ 561,038	\$ 252,662	\$ 384,484	\$ 72,027	\$ 1,270,211
State aid: SAFPF	22,918	-	-	-	22,918
Total State Aid	<u>583,956</u>	<u>252,662</u>	<u>384,484</u>	<u>72,027</u>	<u>1,293,129</u>
Community supervision fees	1,124,177	-	-	-	1,124,177
Payments by program participants	82,286	-	-	352	82,638
Interest income	18,491	-	-	-	18,491
Other revenue	542	-	-	-	542
Total revenue	<u>1,809,452</u>	<u>252,662</u>	<u>384,484</u>	<u>72,379</u>	<u>2,518,977</u>
EXPENDITURES					
Salaries and fringe benefits	1,413,566	229,133	392,503	33,375	2,068,577
Travel and furnished transportation	19,381	-	5,851	9,833	35,065
Contract services for offenders	19,391	-	-	25,991	45,382
Professional fees	102,864	1,895	2,885	541	108,185
Supplies and operating expenses	66,555	-	6,643	2,639	75,837
Utilities	8,674	-	-	-	8,674
Equipment	9,877	-	-	-	9,877
Total expenditures	<u>1,640,308</u>	<u>231,028</u>	<u>407,882</u>	<u>72,379</u>	<u>2,351,597</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES					
	169,144	21,634	(23,398)	-	167,380
OTHER FINANCING SOURCES (USES)					
Basic Supervision interfund transfer	(1,764)	-	1,764	-	-
CC interfund transfer	-	(21,634)	21,634	-	-
Total other financing sources (uses)	<u>(1,764)</u>	<u>(21,634)</u>	<u>23,398</u>	<u>-</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE					
Prior Period Refund Paid to CJAD	(28,862)	-	-	-	(28,862)
Adjusted Beginning Fund Balance	<u>1,172,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,172,260</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ 1,339,640</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,339,640</u>

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

**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, 2018**

	Mentally Challenged Specialized Caseload	Outpatient Substance Abuse Program	Drug Court	Total
REVENUE				
State aid	\$ 117,735	\$ 169,878	\$ 96,871	\$ 384,484
Total revenue	117,735	169,878	96,871	384,484
EXPENDITURES				
Salaries and fringe benefits	117,271	156,109	119,123	392,503
Travel and furnished transportation	-	5,851	-	5,851
Professional fees	883	1,275	727	2,885
Supplies and operating expenses	-	6,643	-	6,643
Total expenditures	118,154	169,878	119,850	407,882
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES				
	(419)	-	(22,979)	(23,398)
OTHER FINANCING SOURCES (USES)				
Basic Supervision interfund transfer	419	-	1,345	1,764
CC interfund transfer	-	-	21,634	21,634
Total other financing sources (uses)	419	-	22,979	23,398
PRIOR YEAR ENDING FUND BALANCE				
	-	-	-	-
AUDITED YEAR ENDING FUND BALANCE				
	\$ -	\$ -	\$ -	\$ -

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 VARIANCE
BASIC SUPERVISION
FOR THE YEAR ENDED AUGUST 31, 2018**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 561,038	\$ 561,038	\$ -
State aid: SAFPF	<u>-</u>	<u>22,918</u>	<u>22,918</u>
Total State Aid	<u>561,038</u>	<u>583,956</u>	<u>22,918</u>
Community supervision fees	1,050,000	1,124,177	74,177
Payments by program participants	60,000	82,286	22,286
Interest income	11,356	18,491	7,135
Other revenue	<u>-</u>	<u>542</u>	<u>542</u>
Total revenue	<u>1,682,394</u>	<u>1,809,452</u>	<u>127,058</u>
EXPENDITURES			
Salaries and fringe benefits	1,554,407	1,413,566	140,841
Travel and furnished transportation	127,000	19,381	107,619
Contract services for offenders	99,500	19,391	80,109
Professional fees	107,408	102,864	4,544
Supplies and operating expenses	915,475	66,555	848,920
Utilities	14,100	8,674	5,426
Equipment	<u>35,000</u>	<u>9,877</u>	<u>25,123</u>
Total expenditures	<u>2,852,890</u>	<u>1,640,308</u>	<u>1,212,582</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(1,170,496)	169,144	1,339,640
OTHER FINANCING SOURCES (USES)			
Basic Supervision interfund transfer	(1,764)	(1,764)	-
Total other financing sources (uses)	<u>(1,764)</u>	<u>(1,764)</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	1,172,260	1,201,122	28,862
Prior Period Refund Paid to CJAD	<u>-</u>	<u>(28,862)</u>	<u>(28,862)</u>
Adjusted Beginning Fund Balance	<u>1,172,260</u>	<u>1,172,260</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 1,339,640</u>	<u>\$ 1,339,640</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 VARIANCE
COMMUNITY CORRECTIONS PROGRAM
INTENSIVE SUPERVISION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 252,662	\$ 252,662	\$ -
Total revenue	252,662	252,662	-
EXPENDITURES			
Salaries and fringe benefits	229,247	229,133	114
Professional fees	1,895	1,895	-
Total expenditures	231,142	231,028	114
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	21,520	21,634	114
OTHER FINANCING SOURCES (USES)			
CC interfund transfer	(21,520)	(21,634)	(114)
Total other financing sources (uses)	(21,520)	(21,634)	(114)
PRIOR YEAR ENDING FUND BALANCE			
	-	-	-
AUDITED YEAR ENDING FUND BALANCE			
	\$ -	\$ -	\$ -

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 VARIANCE
DIVERSION PROGRAM
MENTALLY CHALLENGED SPECIALIZED CASELOAD
FOR THE YEAR ENDED AUGUST 31, 2018**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 117,735	\$ 117,735	\$ -
Total revenue	<u>117,735</u>	<u>117,735</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	117,271	117,271	-
Professional fees	<u>883</u>	<u>883</u>	<u>-</u>
Total expenditures	<u>118,154</u>	<u>118,154</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(419)	(419)	-
OTHER FINANCING SOURCES (USES)			
Basic Supervision interfund transfer	<u>419</u>	<u>419</u>	<u>-</u>
Total other financing sources (uses)	<u>419</u>	<u>419</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>

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 VARIANCE
DIVERSION PROGRAM
OUTPATIENT SUBSTANCE ABUSE PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 169,878	\$ 169,878	\$ -
Total revenue	169,878	169,878	-
EXPENDITURES			
Salaries and fringe benefits	155,767	156,109	(342)
Travel and furnished transportation	6,500	5,851	649
Professional fees	1,275	1,275	-
Supplies and operating expenses	6,336	6,643	(307)
Total expenditures	169,878	169,878	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	-	-	-
PRIOR YEAR ENDING FUND BALANCE			
	-	-	-
AUDITED YEAR ENDING FUND BALANCE			
	\$ -	\$ -	\$ -

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 VARIANCE
DIVERSION PROGRAM
DRUG COURT
FOR THE YEAR ENDED AUGUST 31, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 96,871	\$ 96,871	\$ -
Total revenue	96,871	96,871	-
EXPENDITURES			
Salaries and fringe benefits	119,009	119,123	(114)
Professional fees	727	727	-
Total expenditures	119,736	119,850	(114)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	(22,865)	(22,979)	(114)
OTHER FINANCING SOURCES (USES)			
Basic Supervision interfund transfer	1,345	1,345	-
CC interfund transfer	21,520	21,634	114
Total other financing sources (uses)	22,865	22,979	114
PRIOR YEAR ENDING FUND BALANCE			
	-	-	-
AUDITED YEAR ENDING FUND BALANCE			
	\$ -	\$ -	\$ -

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 VARIANCE
TREATMENT ALTERNATIVES TO
INCARCERATION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 72,027	\$ 72,027	\$ -
Payments by Program Participants	-	352	352
Total revenue	72,027	72,379	352
EXPENDITURES			
Salaries and fringe benefits	33,375	33,375	-
Travel and furnished transportation	9,146	9,833	(687)
Contract services	23,500	25,991	(2,491)
Professional fees	541	541	-
Supplies and operating expenses	5,465	2,639	2,826
Total expenditures	72,027	72,379	(352)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	-	-	-
PRIOR YEAR ENDING FUND BALANCE			
	-	-	-
AUDITED YEAR ENDING FUND BALANCE			
	\$ -	\$ -	\$ -

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, 2018

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 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 Texas Department of Criminal Justice – Community Justice Assistance Division.

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, 2018 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 for the 2018 fiscal year.

3. DEOBLIGATIONS

The department did not have any deobligated funds for the 2018 fiscal year.

4. INTERFUND TRANSFERS

Interfund Transfers

From	To	Dollar Amount	Purpose
Basic	DP	\$ 419	To fund Mentally Challenged Specialized Caseload
Basic	DP	1,345	To fund Drug Court Program
Community Corrections	DP	21,634	To fund Drug Court Program

5. PRIOR PERIOD ADJUSTMENTS

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

6. REFUNDS

The Department had a prior period refund paid to CJAD in the amount of \$28,862 for the Basic Supervision program.

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. 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 or a change fund.

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.

8. EXCESS OF EXPENDITURES OVER BUDGETS IN INDIVIDUAL PROGRAMS

The Department did not have any excess expenditures over \$15,000 or 15% of the approved line item budgeted amount.

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, 2018:

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions
Community Supervision Fees	\$ 1,124,177	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>			
ELM Fees	352	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
UA Fees	81,076	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Transfer Fees	1,100	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Medical Fees	110	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Total Payments by Program Participants:	82,638		
Interest Income	18,491	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
<u>Other Revenue:</u>			
HHS Commission on Restitution	550	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Cash Over (Short)	(40)	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Credit Card Fees	2	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Stop Payment Fees	30	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Total Other Revenue:	542		

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, 2018.

11. SUBSEQUENT EVENTS

Subsequent events were evaluated through February 1, 2019, the issuance date of the report. No events requiring disclosures were noted.

SUPPLEMENTARY SCHEDULES

**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, 2018**

	Audit	Per CSCD Report	Difference
REVENUE			
State aid	\$ 561,038	\$ 561,038	\$ -
State aid: SAFPF	22,918	22,918	-
Total State Aid	<u>583,956</u>	<u>583,956</u>	<u>-</u>
Community supervision fees	1,124,177	1,124,177	-
Payments made by program participants	82,286	82,286	-
Interest income	18,491	18,491	-
Other revenue	<u>542</u>	<u>542</u>	<u>-</u>
Total revenue	<u>1,809,452</u>	<u>1,809,452</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	1,413,566	1,413,566	-
Travel and furnished transportation	19,381	19,381	-
Contract services for offenders	19,391	19,391	-
Professional fees	102,864	102,864	-
Supplies and operating expenses	66,555	66,555	-
Utilities	8,674	8,674	-
Equipment	<u>9,877</u>	<u>9,877</u>	<u>-</u>
Total expenditures	<u>1,640,308</u>	<u>1,640,308</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	169,144	169,144	-
OTHER FINANCING SOURCES (USES)			
Basic Supervision interfund transfer	<u>(1,764)</u>	<u>(1,764)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,764)</u>	<u>(1,764)</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	1,201,122	1,201,122	-
Prior Period Refund Paid to CJAD	<u>(28,862)</u>	<u>(28,862)</u>	<u>-</u>
Adjusted Beginning Fund Balance	<u>1,172,260</u>	<u>1,172,260</u>	<u>-</u>
YEAR ENDING FUND BALANCE	<u>\$ 1,339,640</u>	<u>\$ 1,339,640</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, 2018**

	Audit	Per CSCD Report	Difference
REVENUE			
State aid	\$ 252,662	\$ 252,662	\$ -
Total revenue	<u>252,662</u>	<u>252,662</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	229,133	229,133	-
Professional fees	<u>1,895</u>	<u>1,895</u>	<u>-</u>
Total expenditures	<u>231,028</u>	<u>231,028</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	21,634	21,634	-
OTHER FINANCING SOURCES (USES)			
CC interfund transfer	(21,634)	(21,634)	-
Total other financing sources (uses)	<u>(21,634)</u>	<u>(21,634)</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
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, 2018**

	Audit	Per CSCD Report	Difference
REVENUE			
State aid	\$ 117,735	\$ 117,735	\$ -
Total revenue	<u>117,735</u>	<u>117,735</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	117,271	117,271	-
Professional fees	<u>883</u>	<u>883</u>	<u>-</u>
Total expenditures	<u>118,154</u>	<u>118,154</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(419)	(419)	-
OTHER FINANCING SOURCES (USES)			
Basic Supervision interfund transfer	<u>419</u>	<u>419</u>	<u>-</u>
Total other financing sources (uses)	<u>419</u>	<u>419</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
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 PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2018**

	Audit	Per CSCD Report	Difference
REVENUE			
State aid	\$ 169,878	\$ 169,878	\$ -
Total revenue	<u>169,878</u>	<u>169,878</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	156,109	156,109	-
Contract services for offenders	5,851	5,851	-
Professional fees	1,275	1,275	-
Supplies and operating expenses	<u>6,643</u>	<u>6,643</u>	<u>-</u>
Total expenditures	<u>169,878</u>	<u>169,878</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	-	-
PRIOR YEAR ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
YEAR ENDING FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</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, 2018**

	Audit	Per CSCD Report	Difference
REVENUE			
State aid	\$ 96,871	\$ 96,871	\$ -
Total revenue	<u>96,871</u>	<u>96,871</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	119,123	119,123	-
Professional fees	<u>727</u>	<u>727</u>	<u>-</u>
Total expenditures	<u>119,850</u>	<u>119,850</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(22,979)	(22,979)	-
OTHER FINANCING SOURCES (USES)			
Basic Supervision interfund transfer	1,345	1,345	-
CC interfund transfer	<u>21,634</u>	<u>21,634</u>	<u>-</u>
Total other financing sources (uses)	<u>22,979</u>	<u>22,979</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
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, 2018**

	Audit	Per CSCD Report	Difference
REVENUE			
State aid	\$ 72,027	\$ 72,027	\$ -
Payments by Program Participants	<u>352</u>	<u>352</u>	<u>-</u>
Total revenue	<u>72,027</u>	<u>72,027</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	33,375	33,375	-
Travel and furnished transportation	9,833	9,833	-
Contract services	25,991	25,991	-
Professional fees	541	541	-
Supplies and Operating Expenses	<u>2,639</u>	<u>2,639</u>	<u>-</u>
Total expenditures	<u>72,379</u>	<u>72,379</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	-	-	-
PRIOR YEAR ENDING FUND BALANCE			
	<u>-</u>	<u>-</u>	<u>-</u>
YEAR ENDING FUND BALANCE			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE SECTION



P A T T I L L O , B R O W N & H I L L , 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
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, 2018, 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 1, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Grayson 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 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. 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 1, 2019

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2018

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

**GRAYSON COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE PRIOR YEAR ENDED AUGUST 31, 2017

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

VIII. TDCJ-CJAD INDEPENDENT AUDIT COMPLIANCE CHECKLIST

(Note: *The Compliance Checklist FORMAT AND CONTENT are NOT TO BE ALTERED.*)

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

YES NO N/A

FINANCIAL POLICIES AND PROCEDURES (Questions 1-2)

If questions 1 is answered YES, and questions 2 is answered NO, an explanation is required to be reported in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

Duties of the Fiscal Officer, FMM Fiscal Officer, Texas Government Code, Section 76.004 (Question 3)

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 CSCDs' 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. NA Was cash matching properly: authorized, budgeted, and expended?

FINANCIAL STATEMENTS (Questions 3-14)

All sources identified in questions 3-14 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. If questions 3, 5-7, 9-10, and 13-14 are answered NO, an explanation is required in the corresponding note of the Notes to the Financial Statements and in the Schedule of Findings and Questioned Costs.

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

Interfund Transfers; FMM Financial Reports, Additional Reporting Requirements (Questions 4-7)

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 in the fiscal year audited?
5. Yes If any, were all interfund transfers noted during the audit allowable?
6. Yes If any, were interfund transfers correctly identified in the financial statements?
7. Yes Did any interfund transfers result from the need to cover potential negative fund balances at the end of the fiscal year?

Deobligation, Government Code, Chapter 509, Section 509.011 (h), FMM Deobligations (Questions 8-10)

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.

8. No In the fiscal year audited, did any deobligation of funds occur as a result of an excess of funds allocated to programs?
9. NA If any, were deobligated funds reported as reductions to State Aid and as a separate line item on the audited financial statements (i.e. is the reported state aid the correct amount after deobligation)?
10. NA Were the appropriate budget adjustments made for any reallocated funds?

One-Time/Supplemental Payments, FMM Fund Balances/Refund Policy (Questions 11)

One-time funding is awarded on a competitive basis. The priorities for distribution are determined biennially. One-time funding consist 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...

11. No Did the CSCD receive any One-Time Additional and Basic Supervision Supplemental Payments in of the fiscal year audited?

Unauthorized Expenditures, FMM Budgets (Questions 12-13)

*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 \$15,000 or 15% rule, they are required to be reported in the Schedule of Findings and Questioned Costs.***

Budget total line item differences either over \$15,000 or 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. Should a total line item expenditure exceed the last CJAD-approved amount by both \$15,000 and 15%, the greater amount would be used to determine the refund amount.

12. No Were any unfavorable budget variances identified in the Individual Statement of Revenues, Budget, Actual, and Variance of the fiscal year audited?

13. No Were there any unfavorable budget variances in excess of the \$15,000 or 15% rule from the prior fiscal year that resulted in unauthorized expenditure(s) that the CSCD was required to refund to the TDCJ-CJAD in the fiscal year being audited?

Prior Period Adjustments, FMM Financial Reports, Additional Reporting Requirements (Question 14)

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.

14. NA 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 and returned to TDCJ-CJAD?

BASIS OF ACCOUNTING (Questions 15-17)

If questions 34-36 are answered NO, 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.

Basis of Accounting Requirements, FMM Fiscal Officer, Duties of the Fiscal Officer and Financial Reports (Questions 15-17)

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.

15. Yes Is separate accountability maintained for TDCJ-CJAD funds; i.e., fund accounting of self-balancing funds?
16. Yes Is the modified accrual basis of accounting used in preparing the fourth quarter reports for submission to TDCJ-CJAD?
17. Yes Are 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 18-29)

If any of the fees identified in questions 20-28 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. If questions 18-19, 21, 24, and 28 are answered NO and 22, 26-27 answered YES, 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.

18. Yes Are 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?

19. Yes 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?

Administrative Fees, Texas Government Code Section 76.015c, FMM Statutory Requirements (*Questions 20-22, 24, 29*)

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).

20. No Did the CSCD collect any **administrative fees** for offender program participation on individuals who participate in a program operated by the department or receives services from the department and who is not paying a monthly fee under Articles 42A Code of Criminal Procedure (i.e. Community Supervision Fees)?

21. NA If collected, did the CSCD assess a reasonable administrative fee of not less than \$25 and not more than \$60?

22. NA If the CSCD collected administrative fees for offender program participation, did that individual also pay a monthly fee under Articles 42A.652 Code of Criminal Procedure (Supervision Fees)?

Fees for Pretrial Intervention Programs; Texas Code of Criminal Procedure Chapter 102.012, FMM Statutory Requirements (*Questions 23-24, 29*)

Code of Criminal Procedure Chapter 102 Subchapter A General Costs Article 102.012a, Fees for Pretrial Intervention Program states: 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.

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

24. NA If collected, were **administrative fees** (Government Code Section 76.015c) and **fees for pretrial intervention programs** (Texas Code of Criminal Procedure Chapter 102.012) budgeted and recorded as payments by program participants or as community supervision fees, and listed as a separate line item, in the Funds Collected by the CSCD From Sources Other Than TDCJ-CJAD Which **ARE** Required to be Reported on the TDCJ-CJAD Quarterly Financial Reports Note of the Notes to the Financial Statements?

Administrative Fee (i.e. Transaction Administrative Fee); Texas Code of Criminal Procedure, Article 102.072, FMM Statutory Requirements (*Questions 25-29*)

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).

25. ___ 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?

26. ___ ___ NA If collected, did any single transaction administrative fee exceed the allowable \$2?

27. ___ ___ NA If collected, does the CSCD issue a separate receipt while charging the \$2 **transaction administrative fee** for each fine, fee, restitution, or other cost paid during the time of the transaction when collecting multiple fees from a probationer during a single transaction,?

28. ___ ___ NA If collected, is the **transaction administrative fee** budgeted and recorded as Other Revenue in Basic Supervision and accounted for on a consistent basis (FMM Statutory Requirements)?

29. ___ ___ NA If any of the fees identified in questions 20, 23 and 25 were collected, were these fees included as a separate line item with the dollar amount in the Funds Collected by the CSCD From Sources Other Than TDCJ-CJAD Which **ARE** Required to be Reported on the TDCJ-CJAD Quarterly Financial Reports Note of the Notes to the Financial Statements?

CASH, COLLECTIONS, CHANGE FUND, PETTY CASH (Questions 30-39)

If questions 30-32, 34, 36-37, and 39 are answered NO, 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 include in the Schedule of Findings and Questioned Costs. 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. If questions 37 is answered NO, an explanation is required to be reported in the Cash, Collections, Change Fund, Petty Cash & Investments note of the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

Deposits and Disbursement Requirements, (Questions 30-32)

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 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 as the entity 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.

Local Government Code, Section 113.041 (a) The county treasurer shall disburse the money belonging to the county and shall pay and apply the money as required by law and as the commissioners court may require or direct, not inconsistent with law. (FMM State Payments) (See also Attorney General's Opinion DM-257)

30. Yes ___ Are all of the CSCD's funds and collections deposited in the county treasury (county's bank account)?
31. Yes ___ Are all of the CSCD's funds and collections disbursed by the county treasurer on behalf of the CSCD?
32. Yes ___ 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?

Change Fund, Local Government Code, Chapter 130, Section 130.902 (a), FMM Fiscal Change Fund (Questions 33-34)

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.

33. ___ 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)
34. ___ ___ NA 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 35-37)

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)

35. ___ No Did the CSCD maintain **petty cash utilizing the CSCD's funds** authorized by the county auditor in the fiscal year audited?
36. ___ ___ NA Are **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?
37. ___ ___ NA Are **petty cash funds utilizing CSCD's funds** expended only for emergency situations authorized by a written policy and approved by the CSCD director?

Petty Cash Funds Utilizing NON CSCD Revenues, FMM Petty Cash (Question 38)

38. ___ No Did the CSCD maintain **petty cash utilizing NON CSCD's revenues** (i.e. vending machine revenues) in the fiscal year audited? *If so, indicate the petty cash as "other*

petty cash” and include the dollar amount in the Cash, Collections, Change Fund, Petty Cash & Investments Note of the Notes to the Financial Statements.

Employee Surety Bond Coverage, FMM Employee Surety Bond Coverage (Question 39)

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.

39. Yes Are all the employees who have access to funds and/or maintains and administers change funds and petty cash, which covers 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 40-42)

If questions 40 and 42 are answered NO, 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?

40. Yes 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?

41. No Were there any differences identified in the Schedule of Differences?

42. NA 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?

COMPLIANCE AND OTHER MATTERS; Standards for Financial Audits; Chapter 4, Item 4.25 Government Auditing Standards (Questions 43-47)

If questions 43-47 are answered YES, and explanation is required to be reported in the Report on Compliance and Internal Control and in the Schedule of Findings and Questioned Costs.

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

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

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

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

47. 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 48-49)


If questions 48-49 are answered no, an explanation is required to be reported in Schedule of Findings and Questioned Costs for Prior Year.

48. ___ ___ NA Do any action plans exist for significant findings from prior year audits?

49. ___ ___ NA If action plans exist from prior year audit findings, are they current?

TDCJ-CJAD COMPLIANCE CHECKLIST SURVEY

In our attempt to make the Compliance Checklist user friendly and self-explanatory, we have made updates to break out several questions that were previously combined, also offer more specific language to each topic matter, and provide question specific direction. It is our hope, that with these changes to the Compliance Checklist, it will become a better tool in the completion of the audit process. Your feedback is welcome and important to us. Best Regards, TDCJ-CJAD Fiscal Audit Department.

50. Yes ___  Were the questions in the Compliance Checklist easier to understand and offer better direction than in prior years? If no, please identify the question numbers below that you feel need more work.

User Feed Back: