

**GREGG COUNTY
COMMUNITY SUPERVISION AND
CORRECTIONS DEPARTMENT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
AUGUST 31, 2015**

WITH INDEPENDENT AUDITORS' REPORT

**GREGG COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

TABLE OF CONTENTS

AUGUST 31, 2015

	<u>Page Number</u>
 COMBINED FINANCIAL STATEMENTS	
Independent Auditors’ Report.....	1 – 3
Combined Statement of Financial Position	4
Combined Statement of Revenue, Expenditures and Changes in Fund Balance.....	5
Combined Statement of Revenue, Expenditures and Changes in Fund Balance – All Community Corrections Funds.....	6
Individual Statements of Revenue, Expenditures and Changes in Fund Balance – Budget, Actual and Variance	7 – 10
Notes to Financial Statements.....	11 – 17
 SUPPLEMENTARY SCHEDULES	
Schedules of Differences Between Audit Report and CSCD Reports Sent to TDCJ-CJAD	18 – 21
 COMPLIANCE SECTION	
Independent Auditors’ Report on Compliance and on Internal Control Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	22 – 23
Schedule of Findings and Responses.....	24
Fiscal Year 2015 TDCJ-CJAD Compliance Checklist	25 – 28

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

INDEPENDENT AUDITORS' REPORT

Gregg County Community
Supervision and Corrections Department
Gregg, 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 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 Gregg County Community Supervision and Corrections Department (CSCD) basic financial statements, and have issued our report thereon dated February 26, 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 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 Gregg 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 Gregg County Community Supervision and Corrections Department only, and are not intended to present fairly the financial position of Gregg 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 Gregg 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 26, 2016, on our consideration of the Gregg 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 Gregg 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 Gregg 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 26, 2016

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**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

COMBINED STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2015

ASSETS

	<u>Basic Supervision</u>	<u>Community Corrections</u>	<u>Diversion Program</u>	<u>Total</u>
Cash and Investments				
Cash	\$ 601,273	\$ 78,564	\$ 321,630	\$ 1,001,467
Investments	250,000	-	-	250,000
Change funds	4,000	-	-	4,000
Total Cash and Investments	<u>855,273</u>	<u>78,564</u>	<u>321,630</u>	<u>1,255,467</u>
Accounts Receivable				
Community supervision fees	84,933	-	-	84,933
Total Accounts Receivable	<u>84,933</u>	<u>-</u>	<u>-</u>	<u>84,933</u>
Total Assets	<u>940,206</u>	<u>78,564</u>	<u>321,630</u>	<u>1,340,400</u>
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	21,813	78,564	321,630	422,007
Total Liabilities	<u>21,813</u>	<u>78,564</u>	<u>321,630</u>	<u>422,007</u>
Fund Balance	<u>918,393</u>	<u>-</u>	<u>-</u>	<u>918,393</u>
Total Liabilities and Fund Balance	<u>\$ 940,206</u>	<u>\$ 78,564</u>	<u>\$ 321,630</u>	<u>\$ 1,340,400</u>

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

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**GREGG 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	Total
REVENUE				
State aid	\$ 568,047	\$ 231,417	\$ 1,245,502	\$ 2,044,966
State aid: SAFPF	17,953	-	-	17,953
Community supervision fees	966,757	-	-	966,757
Payments by program participants	152,069	-	-	152,069
Interest income	407	-	-	407
Other revenue	258	-	-	258
Total Revenue	1,705,491	231,417	1,245,502	3,182,410
EXPENDITURES				
Salaries and fringe benefits	1,384,557	148,911	46,577	1,580,045
Travel and furnished transportation	9,692	9,658	455	19,805
Contract services for offenders	26,694	16,724	1,072,385	1,115,803
Professional fees	11,734	1,856	9,341	22,931
Supplies and operating expenses	104,627	1,569	946	107,142
Utilities	941	5,922	-	6,863
Equipment	16,460	11,263	1,148	28,871
Total Expenditures	1,554,705	195,903	1,130,852	2,881,460
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES				
	150,786	35,514	114,650	300,950
FUND BALANCE, SEPTEMBER 1, 2014				
	767,607	34,675	110,407	912,689
REFUND DUE TO CJAD				
	-	(70,189)	(225,057)	(295,246)
FUND BALANCE, AUGUST 31, 2015				
	\$ 918,393	\$ -	\$ -	\$ 918,393

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

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**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**ALL COMMUNITY CORRECTIONS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Community Service Restitution</u>	<u>Sex Offender Caseload</u>	<u>Total</u>
REVENUE			
State aid	\$ 156,203	\$ 75,214	\$ 231,417
Total Revenue	<u>156,203</u>	<u>75,214</u>	<u>231,417</u>
EXPENDITURES			
Salaries and fringe benefits	104,778	44,133	148,911
Travel and furnished transportation	8,157	1,501	9,658
Contract services for offenders	13,124	3,600	16,724
Professional fees	1,292	564	1,856
Supplies and operating expenses	1,569	-	1,569
Utilities	5,922	-	5,922
Equipment	<u>10,376</u>	<u>887</u>	<u>11,263</u>
Total Expenditures	<u>145,218</u>	<u>50,685</u>	<u>195,903</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	10,985	24,529	35,514
FUND BALANCE, SEPTEMBER 1, 2014	17,893	16,782	34,675
REFUND DUE TO CJAD	<u>(28,878)</u>	<u>(41,311)</u>	<u>(70,189)</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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**GREGG 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

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 568,047	\$ 568,047	\$ -
State aid: SAFPF	26,736	17,953	(8,783)
Community supervision fees	1,032,000	966,757	(65,243)
Payments by program participants	193,330	152,069	(41,261)
Interest income	4,500	407	(4,093)
Other revenue	-	258	258
Total Revenue	1,824,613	1,705,491	(119,122)
EXPENDITURES			
Salaries and fringe benefits	1,662,136	1,384,557	277,579
Travel and furnished transportation	26,575	9,692	16,883
Contract services for offenders	34,897	26,694	8,203
Professional fees	18,360	11,734	6,626
Supplies and operating expenses	830,653	104,627	726,026
Utilities	2,400	941	1,459
Equipment	17,200	16,460	740
Total Expenditures	2,592,221	1,554,705	1,037,516
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	(767,608)	150,786	918,394
FUND BALANCE, SEPTEMBER 1, 2014	767,608	767,607	(1)
FUND BALANCE, AUGUST 31, 2015	\$ -	\$ 918,393	\$ 918,393

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

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**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**COMMUNITY CORRECTIONS PROGRAM
COMMUNITY SERVICE RESTITUTION**

FOR THE YEAR ENDED AUGUST 31, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 156,203	\$ 156,203	\$ -
Total Revenue	156,203	156,203	-
EXPENDITURES			
Salaries and fringe benefits	107,210	104,778	2,432
Travel and furnished transportation	15,170	8,157	7,013
Contract services for offenders	13,500	13,124	376
Professional fees	2,172	1,292	880
Supplies and operating expenses	16,817	1,569	15,248
Utilities	8,352	5,922	2,430
Equipment	10,875	10,376	499
Total Expenditures	174,096	145,218	28,878
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	(17,893)	10,985	28,878
FUND BALANCE, SEPTEMBER 1, 2014			
	17,893	17,893	-
REFUND DUE TO TDCJ-CJAD			
	-	(28,878)	(28,878)
FUND BALANCE, AUGUST 31, 2015			
	\$ -	\$ -	\$ -

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

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**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**COMMUNITY CORRECTIONS PROGRAM
SEX OFFENDER CASELOAD**

FOR THE YEAR ENDED AUGUST 31, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 75,214	\$ 75,214	\$ -
Total Revenue	75,214	75,214	-
EXPENDITURES			
Salaries and fringe benefits	45,253	44,133	1,120
Travel and furnished transportation	2,919	1,501	1,418
Contract services for offenders	40,260	3,600	36,660
Professional fees	2,064	564	1,500
Equipment	1,500	887	613
Total Expenditures	91,996	50,685	41,311
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	(16,782)	24,529	41,311
FUND BALANCE, SEPTEMBER 1, 2014			
	16,782	16,782	-
REFUND DUE TO TDCJ-CJAD			
	-	(41,311)	(41,311)
FUND BALANCE, AUGUST 31, 2015			
	\$ -	\$ -	\$ -

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

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**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**DIVERSION PROGRAM
D.E.A.R. UNIT RECOVERY CENTER-CCF
FOR THE YEAR ENDED AUGUST 31, 2015**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 1,245,502	\$ 1,245,502	\$ -
Total Revenue	1,245,502	1,245,502	-
EXPENDITURES			
Salaries and fringe benefits	48,021	46,577	1,444
Travel and furnished transportation	14,120	455	13,665
Contract services for offenders	1,076,712	1,072,385	4,327
Professional fees	9,641	9,341	300
Supplies and operating expenses	204,959	946	204,013
Utilities	1,256	-	1,256
Equipment	1,200	1,148	52
Total Expenditures	1,355,909	1,130,852	225,057
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(110,407)	114,650	225,057
FUND BALANCE, SEPTEMBER 1, 2014	110,407	110,407	-
REFUND DUE TO TDCJ-CJAD	-	(225,057)	(225,057)
FUND BALANCE, AUGUST 31, 2015	\$ -	\$ -	\$ -

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

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**GREGG 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 Gregg 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 Funds, Diversion Program Grant Funds, local fees collected for the use of the CSCD, and the expenditures of those funds.

The Gregg 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 generally 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 Gregg County CSCD are organized on the basis of fund accounting, each of which is considered a separate accounting entity that comprise its assets, liabilities, fund balance, revenues, and expenditures. The operations of each fund are accounted for with a separate set of self-balancing accounts. 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 Gregg County CSCD are grouped into the agency fund type for the purpose of operation on the Gregg County, Texas accounting system. Accounting agency funds are accounts established for deposit and disbursement of funds which are not controlled through the Gregg 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

Vacation and sick leave benefits are accumulated by County employees according to formulas adopted by the Commissioners' Court. The County's policy requires vacation time to be used within 14 months of being earned. Upon termination or retirement, employees are paid for any unused vacation time. The County's policy allows for accumulation of sick leave up to 60 days and provides for payment of sick leave accruals only upon retirement. A liability for vacation and sick leave is reported in these financial statements only if they have matured. A liability for vacation and sick leave is not recorded in these financial statements. The total amount of earned but unused vacation as of year-end was \$50,317.

2. FUNDING SOURCES – STATE AID

Basic Supervision

This state funding is a per capita allocation based on statistics from the previous full calendar year. The per capita formula includes 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 Funds

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 SAFPF 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 FY 2010 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 Supervision.

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	\$ 927,687	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Transactions' Administration Fees	39,070	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Payments by Program Participants	152,069	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Interest Income	407	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Collection Fee	258	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	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.)

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions	Fund Balance at August 31, 2015
Victim Restitution	\$ 342,810	Government Code 76.013, paid directly to victim within certain timelines	Yes	\$ -
Bond Supervision	106,517	Article 17.40 of the Code of Criminal Procedure\Senate Bill (SB) 880 in the 82nd Legislature	Yes	-
Civil Fees	23,067	CJAD-PS-07	Yes	-
Crimestoppers	26,987	Paid directly to agency within certain timelines	Yes	-
Supervision Fee for Sex Offenders	1,257	Article 42.12. Section 19 (f) of the Code of Criminal Procedure	Yes	-
Crime Victims' Compensation Fund	1,277	Texas Code of Criminal Procedure, Article 42.12, Section 11 (a) (18) and Texas State Comptroller remittance timeline	Yes	-
Attorney Fees	81,182	Local Government Code, Chapter 113, Section 113.022	Yes	-
Court Costs	321,264	Local Government Code, Chapter 113, Section 113.022	Yes	-
Fines	402,379	Local Government Code, Chapter 113, Section 113.022	Yes	-
Pretrial Attorney Fee	65,558	Local Government Code, Chapter 113, Section 113.022	Yes	-
Diversion Fees	79,678	Local Government Code, Chapter 113, Section 113.022	Yes	-

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 district account within the time frames listed in Local Government Code 113.022. CSCD funds are currently being deposited with the county treasury within 30 days and disbursed by the County Treasurer.

The Department does not maintain a petty cash account.

It is recommended that CSCD's not accept cash payments or personal checks from offenders for payment of required fees or for the collection of other public funds. However, if it is determined that a cash change fund is needed at the CSCD, the fiscal officer may approve an amount of money to be used as a change fund. The change fund may only be used to make change in connection with collections that are due and payable to the CSCD. The Employee Dishonesty Bond coverage must include the CSCD employee who maintains and administers such change fund and shall cover that employee's responsibility for the correct accounting and disposition of the change fund. A change fund shall not be used to make loans or advances or to cash checks or warrants of any kind.

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

7. ACCOUNTS RECEIVABLE AND/OR PAYABLE AND/OR INTERFUND TRANSFER RECEIVABLE AND PAYABLE AT AUGUST 31, 2015

The accounts receivable consists of fees collected for the CSCD outstanding as of August 31, 2015. Accounts payable consists of refunds to TDCJ-CJAD and miscellaneous operating expenses. There were no interfund receivable or payable balances at August 31, 2015.

8. VENDOR CONTRACTS FOR OFFENDER SERVICES

Vendors for offender service contracts with the County with a value of \$100,000 or above are listed below. The County has entered a valid contract or contracts with all vendors listed per the *Contract Management Manual for TDCJ-CJAD Funding of Offender Services (CMM)*.

Vendor name	Amount
Community Healthcore	\$ 1,076,712

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 CSCD had no prior period adjustment or refunds.

11. SUBSEQUENT EVENTS

Subsequent events were evaluated through February 28, 2015, the issuance date of the report. No events requiring disclosure were noted.

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SUPPLEMENTARY SCHEDULES

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**GREGG 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	\$ 568,047	\$ 568,047	\$ -
State aid: SAFPF	17,953	17,953	-
Community supervision fees	966,757	966,757	-
Payments by program participants	152,069	152,069	-
Interest income	407	407	-
Other revenue	258	258	-
Total Revenue	<u>1,705,491</u>	<u>1,705,491</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	1,384,557	1,384,557	-
Travel and furnished transportation	9,692	9,692	-
Contract services for offenders	26,694	26,694	-
Professional fees	11,734	11,734	-
Supplies and operating expenses	104,627	104,627	-
Utilities	941	941	-
Equipment	16,460	16,460	-
Total Expenditures	<u>1,554,705</u>	<u>1,554,705</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	150,786	150,786	-
FUND BALANCE, SEPTEMBER 1, 2014	<u>767,607</u>	<u>767,607</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2015	<u><u>\$ 918,393</u></u>	<u><u>\$ 918,393</u></u>	<u><u>\$ -</u></u>

**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORTS AND CSCD REPORTS SENT TO TDCJ-CJAD**

**COMMUNITY CORRECTIONS PROGRAM
COMMUNITY SERVICE RESTITUTION**

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 156,203	\$ 156,203	\$ -
Total Revenue	<u>156,203</u>	<u>156,203</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	104,778	104,778	-
Travel and furnished transportation	8,157	8,157	-
Contract services for offenders	13,124	13,124	-
Professional fees	1,292	1,292	-
Supplies and operating expense	1,569	1,569	-
Utilities	5,922	5,922	-
Equipment	<u>10,376</u>	<u>10,376</u>	<u>-</u>
Total Expenditures	<u>145,218</u>	<u>145,218</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	10,985	10,985	-
FUND BALANCE, SEPTEMBER 1, 2014	17,893	17,893	-
REFUND DUE TO TDCJ-CJAD	<u>(28,878)</u>	<u>(28,878)</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**COMMUNITY CORRECTIONS PROGRAM
SEX OFFENDER CASELOAD**

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 75,214	\$ 75,214	\$ -
Total Revenue	<u>75,214</u>	<u>75,214</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	44,133	44,133	-
Travel and furnished transportation	1,501	1,501	-
Contract services for offenders	3,600	3,600	-
Professional fees	564	564	-
Equipment	<u>887</u>	<u>887</u>	<u>-</u>
Total Expenditures	<u>50,685</u>	<u>50,685</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	24,529	24,529	-
FUND BALANCE, SEPTEMBER 1, 2014	16,782	16,782	-
REFUND DUE TO TDCJ-CJAD	<u>(41,311)</u>	<u>(41,311)</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

**SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS SENT TO TDCJ-CJAD**

**DIVERSION PROGRAM
D.E.A.R. UNIT RECOVERY CENTER-CCF**

FOR THE YEAR ENDED AUGUST 31, 2015

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 1,245,502	\$ 1,245,502	\$ -
Total Revenue	<u>1,245,502</u>	<u>1,245,502</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	46,577	46,577	-
Travel and furnished transportation	455	455	-
Contract services for offenders	1,072,385	1,072,385	-
Professional fees	9,341	9,341	-
Supplies and operating expenses	946	946	-
Equipment	<u>1,148</u>	<u>1,148</u>	<u>-</u>
Total Expenditures	<u>1,130,852</u>	<u>1,130,852</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	114,650	114,650	-
FUND BALANCE, SEPTEMBER 1, 2014	110,407	110,407	-
REFUND DUE TO TDCJ-CJAD	<u>(225,057)</u>	<u>(225,057)</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Gregg County Community
Supervision and Corrections Department
Waco, 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 Gregg 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 Gregg County Community Supervision and Corrections Department's financial statements, and have issued our report thereon dated February 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gregg 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 Gregg County Community Supervision and Corrections Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Gregg 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 Gregg 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 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 Gregg 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 Gregg 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 Gregg 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.

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

Waco, Texas
February 26, 2016

**GREGG COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE FINDINGS AND RESPONSES

FOR THE YEAR ENDED AUGUST 31, 2015

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

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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>NO</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>N/A</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>N/A</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.

___ ___ N/A
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.

___ ___ N/A
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.

___ ___ N/A
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.

___ ___ N/A
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.

___ ___ N/A
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.

YES ___ ___

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.

YES ___ ___

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.

___ ___ N/A

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.