

**GREGG COUNTY
COMMUNITY SUPERVISION AND
CORRECTIONS DEPARTMENT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
AUGUST 31, 2018**

WITH INDEPENDENT AUDITORS' REPORT

**GREGG COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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INDEPENDENT AUDITORS' REPORT

Gregg County Community
Supervision and Corrections Department
Gregg County, Texas

We have audited the accompanying financial statements of the Gregg 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 statements 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 then ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 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.

OFFICE LOCATIONS

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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 Gregg 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 Gregg County CSCD 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 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 19, 2019, on our consideration of the Gregg 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 Gregg 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 Gregg 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 19, 2019

**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

COMBINED STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2018

ASSETS

	<u>Basic Supervision</u>	<u>Community Corrections</u>	<u>Diversion Program</u>	<u>Total</u>
Cash:				
Bank balances	\$ 837,331	\$ 30,826	\$ 332,711	\$ 1,200,868
Total Cash	<u>837,331</u>	<u>30,826</u>	<u>332,711</u>	<u>1,200,868</u>
Accounts Receivable:				
Community supervision fees	<u>97,022</u>	<u>-</u>	<u>-</u>	<u>97,022</u>
Total Accounts Receivable	<u>97,022</u>	<u>-</u>	<u>-</u>	<u>97,022</u>
 Total Assets	 <u>\$ 934,353</u>	 <u>\$ 30,826</u>	 <u>\$ 332,711</u>	 <u>\$ 1,297,890</u>

LIABILITIES AND FUND BALANCE

Liabilities:				
Accounts payable	\$ 6,948	\$ 2,497	\$ 107,220	\$ 116,665
Total Liabilities	<u>6,948</u>	<u>2,497</u>	<u>107,220</u>	<u>116,665</u>
 Fund Balance	 <u>927,405</u>	 <u>28,329</u>	 <u>225,491</u>	 <u>1,181,225</u>
 Total Liabilities and Fund Balance	 <u>\$ 934,353</u>	 <u>\$ 30,826</u>	 <u>\$ 332,711</u>	 <u>\$ 1,297,890</u>

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

**GREGG 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 Programs	Total
REVENUE				
State aid	\$ 515,115	\$ 219,758	\$ 1,479,741	\$ 2,214,614
State aid: SAFPF	<u>17,084</u>	<u>-</u>	<u>-</u>	<u>17,084</u>
Total State Aid	<u>532,199</u>	<u>219,758</u>	<u>1,479,741</u>	<u>2,231,698</u>
Community supervision fees	935,018	-	-	935,018
Payments by program participants	157,510	-	-	157,510
Interest income	17,321	-	-	17,321
Other revenue	<u>35,607</u>	<u>-</u>	<u>-</u>	<u>35,607</u>
Total Revenue	<u>1,677,655</u>	<u>219,758</u>	<u>1,479,741</u>	<u>3,377,154</u>
EXPENDITURES				
Salaries and fringe benefits	1,467,489	184,474	157,853	1,809,816
Travel and furnished transportation	9,135	4,179	1,971	15,285
Contract services for offenders	7,784	12,576	1,040,577	1,060,937
Professional fees	20,193	1,773	49,857	71,823
Supplies and operating expenses	96,153	926	5,665	102,744
Utilities	482	5,938	1,630	8,050
Equipment	<u>694</u>	<u>729</u>	<u>-</u>	<u>1,423</u>
Total Expenditures	<u>1,601,930</u>	<u>210,595</u>	<u>1,257,553</u>	<u>3,070,078</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	75,725	9,163	222,188	307,076
OTHER FINANCING SOURCES (USES)				
Transfer out to Community Corrections	(19,166)	-	-	(19,166)
Transfer out to Diversion Program	(3,303)	-	-	(3,303)
Transfer in from Basic Supervision	<u>-</u>	<u>19,166</u>	<u>3,303</u>	<u>22,469</u>
Total other financing sources (uses)	<u>(22,469)</u>	<u>19,166</u>	<u>3,303</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	787,164	-	-	787,164
Prior Period Adjustment	<u>86,985</u>	<u>-</u>	<u>-</u>	<u>86,985</u>
Adjusted Beginning Fund Balance	<u>874,149</u>	<u>-</u>	<u>-</u>	<u>874,149</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ 927,405</u>	<u>\$ 28,329</u>	<u>\$ 225,491</u>	<u>\$ 1,181,225</u>

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

**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, 2018

	<u>Community Service Restitution</u>	<u>Sex Offender Caseload</u>	<u>Total</u>
REVENUE			
State aid	\$ <u>160,163</u>	\$ <u>59,595</u>	\$ <u>219,758</u>
Total Revenue	<u>160,163</u>	<u>59,595</u>	<u>219,758</u>
EXPENDITURES			
Salaries and fringe benefits	136,003	48,471	184,474
Travel and furnished transportation	4,080	99	4,179
Contract services for offenders	12,576	-	12,576
Professional fees	1,326	447	1,773
Supplies and operating expenses	926	-	926
Utilities	5,938	-	5,938
Equipment	<u>729</u>	<u>-</u>	<u>729</u>
Total Expenditures	<u>161,578</u>	<u>49,017</u>	<u>210,595</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(1,415)	10,578	9,163
OTHER FINANCING SOURCES (USES)			
Transfer in from Basic Supervision	<u>19,166</u>	<u>-</u>	<u>19,166</u>
Total other financing sources (uses)	<u>19,166</u>	<u>-</u>	<u>19,166</u>
PRIOR YEAR ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ 17,751</u>	<u>\$ 10,578</u>	<u>\$ 28,329</u>

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

**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

FOR THE YEAR ENDED AUGUST 31, 2018

	D.E.A.R Unit Recovery Center	Criminal Drug Court	Pretrial Diversion	Total
REVENUE				
State aid	\$ 1,245,502	\$ 194,000	\$ 40,239	\$ 1,479,741
Total Revenue	1,245,502	194,000	40,239	1,479,741
EXPENDITURES				
Salaries and fringe benefits	48,060	69,709	40,084	157,853
Travel and furnished transportation	788	1,183	-	1,971
Contract services for offenders	1,003,463	37,114	-	1,040,577
Professional fees	9,341	40,516	-	49,857
Supplies and operating expenses	849	4,816	-	5,665
Utilities	1,148	482	-	1,630
Total Expenditures	1,063,649	153,820	40,084	1,257,553
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES				
	181,853	40,180	155	222,188
OTHER FINANCING SOURCES (USES)				
Transfer in from Basic Supervision	-	3,303	-	3,303
Total other financing sources (uses)	-	3,303	-	3,303
PRIOR YEAR ENDING FUND BALANCE				
	-	-	-	-
AUDITED YEAR ENDING FUND BALANCE				
	\$ 181,853	\$ 43,483	\$ 155	\$ 225,491

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

**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, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 515,115	\$ 515,115	\$ -
State aid: SAFPF	<u>28,000</u>	<u>17,084</u>	<u>(10,916)</u>
Total State Aid	<u>543,115</u>	<u>532,199</u>	<u>(10,916)</u>
Community supervision fees	1,017,000	935,018	(81,982)
Payments by program participants	200,330	157,510	(42,820)
Interest income	4,500	17,321	12,821
Other revenue	<u>-</u>	<u>35,607</u>	<u>35,607</u>
Total Revenue	<u>1,764,945</u>	<u>1,677,655</u>	<u>(87,290)</u>
EXPENDITURES			
Salaries and fringe benefits	1,601,304	1,467,489	133,815
Travel and furnished transportation	26,575	9,135	17,440
Contract services for offenders	19,200	7,784	11,416
Professional fees	22,363	20,193	2,170
Supplies and operating expenses	849,098	96,153	752,945
Utilities	2,400	482	1,918
Equipment	<u>8,700</u>	<u>694</u>	<u>8,006</u>
Total Expenditures	<u>2,529,640</u>	<u>1,601,930</u>	<u>927,710</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(764,695)	75,725	840,420
OTHER FINANCING USES			
Transfer in from Basic Supervision	<u>(22,469)</u>	<u>(22,469)</u>	<u>-</u>
Total other financing uses	<u>(22,469)</u>	<u>(22,469)</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	787,164	787,164	-
Prior Period Adjustment	<u>-</u>	<u>86,985</u>	<u>86,985</u>
Adjusted Beginning Fund Balance	<u>787,164</u>	<u>874,149</u>	<u>86,985</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 927,405</u>	<u>\$ 840,420</u>

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

**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, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 160,163	\$ 160,163	\$ -
Total Revenue	160,163	160,163	-
EXPENDITURES			
Salaries and fringe benefits	136,321	136,003	318
Travel and furnished transportation	15,170	4,080	11,090
Contract services for offenders	14,654	12,576	2,078
Professional fees	1,701	1,326	375
Supplies and operating expenses	4,295	926	3,369
Utilities	5,938	5,938	-
Equipment	1,250	729	521
Total Expenditures	179,329	161,578	17,751
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(19,166)	(1,415)	17,751
OTHER FINANCING SOURCES (USES)			
Transfer in from Basic Supervision	19,166	19,166	-
Total other financing sources (uses)	19,166	19,166	-
PRIOR YEAR ENDING FUND BALANCE	-	-	-
AUDITED YEAR ENDING FUND BALANCE	\$ -	\$ 17,751	\$ 17,751

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

**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, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 59,595	\$ 59,595	\$ -
Total Revenue	59,595	59,595	-
EXPENDITURES			
Salaries and fringe benefits	49,399	48,471	928
Travel and furnished transportation	963	99	864
Contract services for offenders	7,800	-	7,800
Professional fees	947	447	500
Supplies and operating expenses	486	-	486
Total Expenditures	59,595	49,017	10,578
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	-	10,578	10,578
PRIOR YEAR ENDING FUND BALANCE			
	-	-	-
AUDITED YEAR ENDING FUND BALANCE			
	\$ -	\$ 10,578	\$ 10,578

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

**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**

FOR THE YEAR ENDED AUGUST 31, 2018

	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	51,268	48,060	3,208
Travel and furnished transportation	9,320	788	8,532
Contract services for offenders	1,076,712	1,003,463	73,249
Professional fees	9,641	9,341	300
Supplies and operating expenses	97,305	849	96,456
Utilities	1,256	1,148	108
Total Expenditures	1,245,502	1,063,649	181,853
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	-	181,853	181,853
PRIOR YEAR ENDING FUND BALANCE			
	-	-	-
AUDITED YEAR ENDING FUND BALANCE			
	\$ -	\$ 181,853	\$ 181,853

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

**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**DIVERSION PROGRAM
CRIMINAL DRUG COURT**

FOR THE YEAR ENDED AUGUST 31, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 194,000	\$ 194,000	\$ -
Total Revenue	194,000	194,000	-
EXPENDITURES			
Salaries and fringe benefits	71,242	69,709	1,533
Travel and furnished transportation	1,500	1,183	317
Contract services for offenders	65,980	37,114	28,866
Professional fees	50,200	40,516	9,684
Supplies and operating expenses	7,899	4,816	3,083
Utilities	482	482	-
Total Expenditures	197,303	153,820	43,483
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	(3,303)	40,180	43,483
OTHER FINANCING SOURCES (USES)			
Transfer in from Basic Supervision	3,303	3,303	-
Total other financing sources (uses)	3,303	3,303	-
PRIOR YEAR ENDING FUND BALANCE			
	-	-	-
AUDITED YEAR ENDING FUND BALANCE			
	\$ -	\$ 43,483	\$ 43,483

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

**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**DIVERSION PROGRAM
PRETRIAL DIVERSION**

FOR THE YEAR ENDED AUGUST 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 40,239	\$ 40,239	\$ -
Total Revenue	<u>40,239</u>	<u>40,239</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	<u>40,239</u>	<u>40,084</u>	<u>155</u>
Total Expenditures	<u>40,239</u>	<u>40,084</u>	<u>155</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	155	155
PRIOR YEAR ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 155</u>	<u>\$ 155</u>

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

**GREGG 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 Gregg County Community Supervision and Corrections Department (CSCD) related to the receipt of funds administered by the TDCJ-CJAD from state appropriations for the Basic Supervision Fund, Community Corrections Funds, Diversion Program 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 CSCD 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. 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 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)

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

Only budget adjustment requests, at year end, received by September 30, will be reviewed and approved/disapproved by TDCJ-CJAD. TDCJ-CJAD will not accept any budget adjustments after September 30, 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 CSCD had no one-time/supplemental payments during the fiscal year.

3. DEOBLIGATIONS

The CSCD had no deobligations during the fiscal year.

4. INTERFUND TRANSFERS

The following transfers were made during the fiscal year:

- \$19,166 from the Basic Supervision program to the Community Service Restitution - Community Corrections Program
- \$3,303 from the Basic Supervision program to the Criminal Drug Court - Diversion Program

The purpose of these transfers was to move funds between programs funded by two different sources (from the Basic Supervision program to the Diversion Programs), as per Budget.

5. PRIOR PERIOD ADJUSTMENTS

The CSCD had a prior period adjustment of \$86,985 in Basic Supervision for the purpose of adjusting the beginning fund balance to reflect pretrial diversion/intervention fees collected but not reported in the prior fiscal year.

6. REFUNDS

The CSCD had no refunds to report.

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 County Treasury within the time frames listed in Local Government Code 113.022. All CSCD funds must be in the County Treasury (the County's bank account) and must be disbursed by the County Treasurer. (Government Code 509.011 (c) and Local Government Code 140.003 (f)).

The CSCD maintains a change fund of \$600. The change fund is only used at the CSCD, and all employees administering the change fund are covered by the Employee Surety Bond. A change fund is not considered a petty cash fund and it is used strictly for making change in connection with collections that are due and payable to the CSCD.

The CSCD does not maintain a petty cash account.

Idle funds to be invested, if any, shall only be within the depository of the County in a manner that protects the integrity of the principal and guarantees no loss of principal to the CSCD.

8. EXCESS OF EXPENDITURES OVER BUDGETS IN INDIVIDUAL PROGRAMS

The CSCD did not have 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 CSCD 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	\$ 864,498	Texas Code of Criminal Procedure Article 42A.652 (a); <i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Pretrial Intervention (Diversion) Program Fees	<u>70,520</u>	Texas Code of Criminal Procedure Chapter 102.012; <i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Total Community Supervision Fees	<u>\$ 935,018</u>		

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions
<u>Payments by Program</u>			
<u>Participants:</u>			
Alcohol Lab	10	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Alcohol Test	963	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Drug Offender Education	33,777	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
K2T - Synthetic Cannabis	5	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Lifeskills Class	3,803	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
DWI School	37,206	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
PSI Fee	18,612	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Theft Class	9,286	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Victim Impact Panel Class	8,843	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Drug Tests	39,927	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Domestic Violence	600	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Drug Confirmation Fee	3,151	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Alcohol Counseling - Spanish	1,327	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Total Payments by Program Participants:	157,510		
<u>Interest Income</u>	17,321	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions
<u>Other Revenue:</u>			
Transaction Administrative Fees	35,390	Code of Criminal Procedure Article 102.072; <i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Unclaimed Restitution Fee	266	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Auction Proceed Refund (49)	<i>Financial Management Manual for TDCJ-CJAD Funding restrictions</i>	Yes
Total Other Revenue:	35,607		

10. COMMITMENTS AND CONTINGENCIES

The CSCD 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 CSCD management would not materially affect the financial position of the CSCD at August 31, 2018.

11. SUBSEQUENT EVENTS

The CSCD had no reportable subsequent events that warranted disclosure.

SUPPLEMENTARY SCHEDULES

**GREGG 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

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 515,115	\$ 515,115	\$ -
State aid: SAFPF	<u>17,084</u>	<u>17,084</u>	<u>-</u>
Total State Aid	<u>532,199</u>	<u>532,199</u>	<u>-</u>
Community supervision fees	935,018	935,018	-
Payments by program participants	157,510	157,510	-
Interest income	17,321	17,321	-
Other revenue	<u>35,607</u>	<u>35,607</u>	<u>-</u>
Total Revenue	<u>1,677,655</u>	<u>1,677,655</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	1,467,489	1,467,489	-
Travel and furnished transportation	9,135	9,135	-
Contract services for offenders	7,784	7,784	-
Professional fees	20,193	20,193	-
Supplies and operating expenses	96,153	96,153	-
Utilities	482	482	-
Equipment	<u>694</u>	<u>694</u>	<u>-</u>
Total Expenditures	<u>1,601,930</u>	<u>1,601,930</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	75,725	75,725	-
OTHER FINANCING SOURCES (USES)			
Transfer in from Basic Supervision	<u>(22,469)</u>	<u>(22,469)</u>	<u>-</u>
Total other financing sources (uses)	<u>(22,469)</u>	<u>(22,469)</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE			
Prior Period Adjustment	<u>86,985</u>	<u>86,985</u>	<u>-</u>
Adjusted Beginning Fund Balance	<u>874,149</u>	<u>874,149</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ 927,405</u>	<u>\$ 927,405</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
COMMUNITY SERVICE RESTITUTION**

FOR THE YEAR ENDED AUGUST 31, 2018

	Audit	Per CSCD Report	Difference
REVENUE			
State aid	\$ 160,163	\$ 160,163	\$ -
Total Revenue	160,163	160,163	-
EXPENDITURES			
Salaries and fringe benefits	136,003	136,003	-
Travel and furnished transportation	4,080	4,080	-
Contract services for offenders	12,576	12,576	-
Professional fees	1,326	1,326	-
Supplies and operating expense	926	926	-
Utilities	5,938	5,938	-
Equipment	729	729	-
Total Expenditures	161,578	161,578	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	(1,415)	(1,415)	-
OTHER FINANCING SOURCES (USES)			
Transfer in from Basic Supervision	19,166	19,166	-
Total other financing sources (uses)	19,166	19,166	-
PRIOR YEAR ENDING FUND BALANCE			
	-	-	-
AUDITED YEAR ENDING FUND BALANCE			
	\$ 17,751	\$ 17,751	\$ -

**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, 2018

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 59,595	\$ 59,595	\$ -
Total Revenue	<u>59,595</u>	<u>59,595</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	48,471	48,471	-
Travel and furnished transportation	99	99	-
Professional fees	<u>447</u>	<u>447</u>	<u>-</u>
Total Expenditures	<u>49,017</u>	<u>49,017</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	10,578	10,578	-
PRIOR YEAR ENDING FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ 10,578</u>	<u>\$ 10,578</u>	<u>\$ -</u>

**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

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

FOR THE YEAR ENDED AUGUST 31, 2018

	Audit	Per CSCD Report	Difference
REVENUE			
State aid	\$ 1,245,502	\$ 1,245,502	\$ -
Total Revenue	1,245,502	1,245,502	-
EXPENDITURES			
Salaries and fringe benefits	48,060	48,060	-
Travel and furnished transportation	788	788	-
Contract services for offenders	1,003,463	1,003,463	-
Professional fees	9,341	9,341	-
Supplies and operating expenses	849	849	-
Utilities	1,148	1,148	-
Total Expenditures	1,063,649	1,063,649	-
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	181,853	181,853	-
PRIOR YEAR ENDING FUND BALANCE			
	-	-	-
AUDITED YEAR ENDING FUND BALANCE			
	\$ 181,853	\$ 181,853	\$ -

**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**DIVERSION PROGRAM
CRIMINAL DRUG COURT**

FOR THE YEAR ENDED AUGUST 31, 2018

	Audit	Per CSCD Report	Difference
REVENUE			
State aid	\$ 194,000	\$ 194,000	\$ -
Total Revenue	194,000	194,000	-
EXPENDITURES			
Salaries and fringe benefits	69,709	69,709	-
Travel and furnished transportation	1,183	1,183	-
Contract services for offenders	37,114	37,114	-
Professional fees	40,516	40,516	-
Supplies and operating expenses	4,816	4,816	-
Utilities	482	482	-
Total Expenditures	153,820	153,820	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	40,180	40,180	-
OTHER FINANCING SOURCES (USES)			
Transfer in from Basic Supervision	3,303	3,303	-
Total other financing sources (uses)	3,303	3,303	-
PRIOR YEAR ENDING FUND BALANCE	-	-	-
AUDITED YEAR ENDING FUND BALANCE	\$ 43,483	\$ 43,483	\$ -

**GREGG COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**DIVERSION PROGRAM
PRETRIAL DIVERSION**

FOR THE YEAR ENDED AUGUST 31, 2018

	Audit	Per CSCD Report	Difference
REVENUE			
State aid	\$ 40,239	\$ 40,239	\$ -
Total Revenue	40,239	40,239	-
EXPENDITURES			
Salaries and fringe benefits	40,084	40,084	-
Total Expenditures	40,084	40,084	-
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	155	155	-
PRIOR YEAR ENDING FUND BALANCE	-	-	-
AUDITED YEAR ENDING FUND BALANCE	\$ 155	\$ 155	\$ -

COMPLIANCE SECTION



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
Gregg 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 Gregg 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 Gregg County Community Supervision and Corrections Department's basic financial statements, and have issued our report thereon dated February 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gregg 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 Gregg County CSCD's internal control. Accordingly, we do not express an opinion on the effectiveness of Gregg 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.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston

NEW MEXICO | Albuquerque

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gregg 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 Gregg 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 Gregg 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 Gregg 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 19, 2019

**GREGG 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.

**GREGG COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE 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. NA 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. Yes Did the CSCD collect fees for **pretrial intervention programs** in of the fiscal year audited?

24. Yes 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. Yes ___ 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. ___ No ___ If collected, did any single transaction administrative fee exceed the allowable \$2?

27. ___ No ___ 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. Yes ___ ___ 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. Yes ___ ___ 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. Yes ___ 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. Yes ___ 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. ___ No ___ 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: