

**KAUFMAN COUNTY
COMMUNITY SUPERVISION AND
CORRECTIONS DEPARTMENT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
AUGUST 31, 2016**

WITH INDEPENDENT AUDITORS' REPORT

**KAUFMAN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

YEAR ENDED AUGUST 31, 2016

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**KAUFMAN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

YEAR ENDED AUGUST 31, 2016

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COMBINED FINANCIAL STATEMENTS

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

INDEPENDENT AUDITORS' REPORT

Kaufman County Community
Supervision and Corrections Department
Kaufman, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Kaufman County Community Supervision and Corrections Department (CSCD), which comprise the combined statement of financial position as of August 31, 2016, the combined statement of revenue, expenditures and changes in fund balance, the combining statement of revenues, expenditures, and changes in fund balance – Community Corrections Program Funds, and the individual statements of revenue, expenditures and changes in fund balance – budget, actual, and variance for the year then ended, and have issued our report thereon dated February 17, 2017.

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 respective financial position of the governmental activities of Kaufman County Community Supervision and Corrections Department, as of August 31, 2016, and the respective changes in financial position for the year then ended 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 Kaufman County Community Supervision and Corrections Department only, and are not intended to present fairly the financial position of Kaufman 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 Kaufman 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 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 17, 2017, on our consideration of the Kaufman 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 Kaufman 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 Kaufman 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 17, 2017

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**KAUFMAN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
COMBINED STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2016**

	<u>Basic Supervision</u>	<u>Community Corrections</u>	<u>Diversion Program</u>	<u>Total</u>
ASSETS				
Bank Balances	\$ 786,538	\$ 42,357	\$ 9,148	\$ 838,043
Prepaid Expenses	<u>1,791</u>	<u>-</u>	<u>-</u>	<u>1,791</u>
Total Assets	<u>788,329</u>	<u>42,357</u>	<u>9,148</u>	<u>839,834</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	<u>30,715</u>	<u>7,889</u>	<u>1,404</u>	<u>40,008</u>
Total Liabilities	<u>30,715</u>	<u>7,889</u>	<u>1,404</u>	<u>40,008</u>
Fund Balance	<u>757,614</u>	<u>34,468</u>	<u>7,744</u>	<u>799,826</u>
Total Liabilities and Fund Balance	<u>\$ 788,329</u>	<u>\$ 42,357</u>	<u>\$ 9,148</u>	<u>\$ 839,834</u>

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

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**KAUFMAN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
COMBINED STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Basic Supervision</u>	<u>Community Corrections</u>	<u>Diversion Program</u>	<u>Total</u>
REVENUE				
State Aid	\$ 356,509	\$ 168,071	\$ 46,800	\$ 571,380
State Aid: SAFPF	-	-	-	-
Community Supervision Fees	763,772	-	-	763,772
Payment by Program Participants	17,922	-	-	17,922
Interest Income	2,674	-	-	2,674
Other Revenue	4,950	-	-	4,950
Total Revenue	<u>1,145,827</u>	<u>168,071</u>	<u>46,800</u>	<u>1,360,698</u>
EXPENDITURES				
Salaries and Fringe Benefits	866,038	52,012	36,556	954,606
Travel and Furnished Transportation	21,609	-	-	21,609
Contract Services for Offenders	1,490	80,269	2,500	84,259
Professional Fees	26,182	1,222	-	27,404
Supplies and Operating Expenses	49,128	100	-	49,228
Utilities	3,484	-	-	3,484
Total Expenditures	<u>967,931</u>	<u>133,603</u>	<u>39,056</u>	<u>1,140,590</u>
EXCESS OF REVENUE OVER (UNDER)				
EXPENDITURES	177,896	34,468	7,744	220,108
FUND BALANCE, SEPTEMBER 1, 2015	628,065	-	-	628,065
REFUND DUE TO TDCJ-CJAD	<u>(48,347)</u>	<u>-</u>	<u>-</u>	<u>(48,347)</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ 757,614</u>	<u>\$ 34,468</u>	<u>\$ 7,744</u>	<u>\$ 799,826</u>

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

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**KAUFMAN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
ALL COMMUNITY CORRECTIONS PROGRAM FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Sex Offender Program</u>	<u>Substance Abuse Treatment Program</u>	<u>Total</u>
REVENUE			
State Aid	\$ 80,674	\$ 87,397	\$ 168,071
Total Revenue	<u>80,674</u>	<u>87,397</u>	<u>168,071</u>
EXPENDITURES			
Salaries and Fringe Benefits	52,012	-	52,012
Contract Services for Offenders	7,126	73,143	80,269
Professional Fees	582	640	1,222
Supplies and Operating	-	100	100
Total Expenditures	<u>59,720</u>	<u>73,883</u>	<u>133,603</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	20,954	13,514	34,468
FUND BALANCE, SEPTEMBER 1, 2015	-	-	-
FUND BALANCE BEFORE REFUND TO TDCJ-CJAD	20,954	13,514	34,468
REFUND DUE TO TDCJ-CJAD	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ 20,954</u>	<u>\$ 13,514</u>	<u>\$ 34,468</u>

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

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**KAUFMAN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
KAUFMAN, TEXAS
INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL, AND VARIANCE
BASIC SUPERVISION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE			
State Aid	\$ 366,306	\$ 356,509	\$(9,797)
Community Supervision Fees	600,000	763,772	163,772
Payment by Program Participants	27,600	17,922	(9,678)
Interest Income	3,000	2,674	(326)
Other Revenue	<u>-</u>	<u>4,950</u>	<u>4,950</u>
Total Revenue	<u>996,906</u>	<u>1,145,827</u>	<u>148,921</u>
EXPENDITURES			
Salaries and Fringe Benefits	957,040	866,038	91,002
Travel and Furnished Transportation	47,580	21,609	25,971
Contract Services for Offenders	3,700	1,490	2,210
Professional Fees	43,301	26,182	17,119
Supplies and Operating Expenses	510,385	49,128	461,257
Utilities	7,200	3,484	3,716
Equipment	<u>7,700</u>	<u>-</u>	<u>7,700</u>
Total Expenditures	<u>1,576,906</u>	<u>967,931</u>	<u>608,975</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(580,000)	177,896	757,896
FUND BALANCE, SEPTEMBER 1, 2015	<u>580,000</u>	<u>628,065</u>	<u>48,065</u>
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>-</u>	<u>-</u>
INTERFUND TRANSFER IN (OUT)	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE BEFORE REFUND TO TDCJ-CJAD	<u>-</u>	<u>805,961</u>	<u>805,961</u>
REFUND DUE TO CJAD	<u>-</u>	<u>(48,347)</u>	<u>(48,347)</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ -</u>	<u>\$ 757,614</u>	<u>\$ 757,614</u>

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

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**KAUFMAN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
KAUFMAN, TEXAS
INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL, AND VARIANCE
COMMUNITY CORRECTIONS PROGRAM
SEX OFFENDER PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 80,822	\$ 80,674	\$(148)
Total Revenue	80,822	80,674	(148)
EXPENDITURES			
Salaries and fringe benefits	51,765	52,012	(247)
Contract Services for offenders	22,720	7,126	15,594
Professional fees	582	582	-
Supplies and operating	5,755	-	5,755
Total Expenditures	80,822	59,720	21,102
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	20,954	20,954
FUND BALANCE, SEPTEMBER 1, 2015	-	-	-
REFUND DUE TO TDCJ-CJAD	-	-	-
FUND BALANCE, AUGUST 31, 2016	\$ -	\$ 20,954	\$ 20,954

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

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**KAUFMAN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
KAUFMAN, TEXAS
INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL, AND VARIANCE
COMMUNITY CORRECTIONS PROGRAM
SUBSTANCE ABUSE TREATMENT PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 87,250	\$ 87,397	\$ 147
Total Revenue	87,250	87,397	147
EXPENDITURES			
Contract services for offenders	84,610	73,143	11,467
Professional fees	640	640	-
Supplies and operating expenses	2,000	100	1,900
Total Expenditures	87,250	73,883	13,367
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	13,514	13,514
FUND BALANCE, SEPTEMBER 1, 2015	-	-	-
REFUND DUE TO TDCJ-CJAD	-	-	-
FUND BALANCE, AUGUST 31, 2016	\$ -	\$ 13,514	\$ 13,514

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

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**KAUFMAN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
KAUFMAN, TEXAS
INDIVIDUAL STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET, ACTUAL, AND VARIANCE
DIVERSION PROGRAM
MENTAL HEALTH CASELOAD
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 46,800	\$ 46,800	\$ -
Total Revenue	<u>46,800</u>	<u>46,800</u>	<u>-</u>
EXPENDITURES			
Salaries & Fringe Benefits	43,774	36,556	7,218
Contract services for offenders	<u>3,026</u>	<u>2,500</u>	<u>526</u>
Total Expenditures	<u>46,800</u>	<u>39,056</u>	<u>7,744</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	-	7,744	7,744
FUND BALANCE, SEPTEMBER 1, 2015	-	-	-
REFUND DUE TO TDCJ-CJAD	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ -</u>	<u>\$ 7,744</u>	<u>\$ 7,744</u>

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

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**KAUFMAN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements include the revenue of the Kaufman 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 expenditure of those funds.

The Kaufman 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 Kaufman 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, 2016 for financial activity performed by August 31, 2016, are considered available. Also purchases for which the commitment has been established by August 31, 2016, are considered liabilities regardless of whether possession of these goods has been received by August 31, 2016, provided that the liability purchase is received and is paid for by October 31, 2016. Exception to this method of accounting is the recording of refunds to the State as reductions of Fund Balance.

Funds of the Kaufman County CSCD are grouped into the agency fund type for the purpose of operation on the Kaufman County, Texas accounting system. Accounting agency funds are accounts established for deposit and disbursement of funds which are not controlled through the Kaufman 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, 2016 will be reviewed and approved/disapproved by TDCJ-CJAD. TDCJ-CJAD will not accept any budget adjustments after September 30, 2016 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, 2016 became part of the subsequent year's budget.

Compensated Absences

The County's permanent, fulltime employees with 1 – 8 years of service accrue 6.67 hours of vacation per month; those with 9 – 16 years of service accrue 10 hours per month; and those with service of 17 years or greater accrue 13.33 hours per month.

The County's permanent, fulltime employees accrue sick leave at the rate of 8 hours per month to a maximum 720 hours (90 days). Sick leave is paid to current employees if the employees are absent from work due to illness, injury or other situations requiring medical attention. An employee who leaves the County's employment for any reason other than retirement receives no compensation for accrued sick leave. Retiring employees who have at least 20 years of service are entitled to payment for accrued sick leave. A liability for vacation and sick leave is reported in these financial statements only if they have matured. The amount of compensated absences at August 31, 2016 is \$70,669. A liability for vacation and sick leave is not recorded in these financial statements.

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) Funds

This discretionary appropriation line item funding is awarded on 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.

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, 2016:

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions
Community Supervision Fees	\$ 763,772	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Payments by Program Participants	17,922	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Interest Income	2,674	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Restitution Collection Fee	4,950	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes

Locally generated revenues are expended in accordance with the Financial Management Manual for TDCJ-CJAD Funding, TDCJ-CJAD Funding and Fiscal Management Updates, TDCJ-CJAD Standards, TDCJ-CJAD Field Correspondence, TDCJ-CJAD Policy Statements, Standard and Special Grant Conditions, and applicable laws.

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

The Department utilized the following funds collected from sources other than TDCJ-CJAD which are not required to be reported for the year ended August 31, 2016:

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions	Fund Balance at August 31, 2016
Victim restitution	\$ 171,057	Government Code 76.013, paid directly to victim within certain timelines.	Yes	\$ -
Crimestoppers	12,171	Local Government Code, Chapter 113, Section 113.022	Yes	-
Attorney fees	839	Local Government Code, Chapter 113, Section 113.022	Yes	-
Court costs	75,244	Local Government Code, Chapter 113, Section 113.022	Yes	-
Fines	187,387	Local Government Code, Chapter 113, Section 113.022	Yes	-
Overpayments	582	Local Government Code, Chapter 113, Section 113.022	Yes	-

Locally generated revenues are expended in accordance with the Financial Management Manual for TDCJ-CJAD Funding, TDCJ-CJAD Funding and Fiscal Management Updates, TDCJ-CJAD Standards, TDCJ-CJAD Field Correspondence, TDCJ-CJAD Policy Statements, Standard and Special Grant Conditions, and applicable laws.

5. CASH, PETTY CASH AND INVESTMENTS

Collection or clearing accounts are trust funds and must be covered by pledged collateral to cover the estimated highest daily balance of funds operated in conjunction with or through the county depository by the CSCD. Collection accounts must be transferred to the CSCD district account within the time frames listed in Local Government Code 113.022. All CSCD funds must be in the county treasury and must be disbursed by the County Treasurer.

The Department does not maintain a petty cash account.

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

6. EXCESS OF EXPENDITURES OVER BUDGETS IN INDIVIDUAL PROGRAMS

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

7. ACCOUNTS RECEIVABLE AND\OR PAYABLE AND\OR INTERFUND TRANSFERS RECEIVABLE AND\OR PAYABLE AT AUGUST 31, 2016

The accounts payable of \$40,008 consists of payments to vendors for services or supplies outstanding as of August 31, 2016. There were no interfund receivable or payable balances at August 31, 2016.

8. INTERFUND TRANSFERS

The Department did not have any interfund transfers.

9. VENDOR CONTRACTS FOR OFFENDER SERVICES

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

10. COMMITMENTS AND CONTINGENCIES

The Department is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and in the opinion of Department management would not materially affect the financial position of the Department at August 31, 2016.

11. PRIOR PERIOD ADJUSTMENTS AND REFUNDS

The Department had a prior period refund of \$48,347 for the Basic Supervision Program. The Department did not have any prior period adjustments.

12. SUBSEQUENT EVENTS

The Department has no subsequent events that require disclosure.

SUPPLEMENTARY SCHEDULES

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**KAUFMAN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS AS SUBMITTED TO TDCJ-CJAD
BASIC SUPERVISION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 356,509	\$ 356,509	\$ -
Community supervision fees	763,772	763,772	-
Payments by program participants	17,922	17,922	-
Interest income	2,674	2,674	-
Other	<u>4,950</u>	<u>4,950</u>	<u>-</u>
Total Revenue	<u>1,145,827</u>	<u>1,145,827</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	866,038	866,038	-
Travel and furnished transportation	21,609	21,609	-
Contract services for offenders	1,490	1,490	-
Professional fees	26,182	26,182	-
Supplies and operating expenses	49,128	49,128	-
Utilities	<u>3,484</u>	<u>3,484</u>	<u>-</u>
Total Expenditures	<u>967,931</u>	<u>967,931</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	177,896	177,896	-
FUND BALANCE, SEPTEMBER 1, 2015	<u>628,065</u>	<u>628,065</u>	<u>-</u>
REFUND DUE TO CJAD	<u>(48,347)</u>	<u>(48,347)</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ 757,614</u>	<u>\$ 757,614</u>	<u>\$ -</u>

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**KAUFMAN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS AS SUBMITTED TO TDCJ-CJAD
COMMUNITY CORRECTIONS PROGRAM
SEX OFFENDER PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 80,674	\$ 80,674	\$ -
Total Revenue	<u>80,674</u>	<u>80,674</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	52,012	52,012	-
Contract services for offenders	7,126	7,126	-
Professional fees	<u>582</u>	<u>582</u>	<u>-</u>
Total Expenditures	<u>59,720</u>	<u>59,720</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	20,954	20,954	-
FUND BALANCE, SEPTEMBER 1, 2015			
	-	-	-
REFUND DUE TO TDCJ-CJAD			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016			
	<u>\$ 20,954</u>	<u>\$ 20,954</u>	<u>\$ -</u>

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**KAUFMAN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS AS SUBMITTED TO TDCJ-CJAD
COMMUNITY CORRECTIONS PROGRAM
SUBSTANCE ABUSE TREATMENT PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 87,397	\$ 87,397	\$ -
Total Revenue	<u>87,397</u>	<u>87,397</u>	<u>-</u>
EXPENDITURES			
Contract services for offenders	73,143	73,143	-
Professional fees	640	640	-
Supplies and operating expenses	<u>100</u>	<u>100</u>	<u>-</u>
Total Expenditures	<u>73,883</u>	<u>73,883</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	13,514	13,514	-
FUND BALANCE, SEPTEMBER 1, 2015			
	-	-	-
REFUND DUE TO TDCJ-CJAD			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016			
	<u>\$ 13,514</u>	<u>\$ 13,514</u>	<u>\$ -</u>

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**KAUFMAN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS AS SUBMITTED TO TDCJ-CJAD
DIVERSION PROGRAM
MENTAL HEALTH CASELOAD
FOR THE YEAR ENDED AUGUST 31, 2016**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 46,800	\$ 46,800	\$ -
Total Revenue	<u>46,800</u>	<u>46,800</u>	<u>-</u>
EXPENDITURES			
Salaries & Fringe Benefits	36,556	36,556	-
Contract Services for Offenders	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total Expenditures	<u>39,056</u>	<u>39,056</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	7,744	7,744	-
FUND BALANCE, SEPTEMBER 1, 2015			
	-	-	-
REFUND DUE TO TDCJ-CJAD			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016			
	<u>\$ 7,744</u>	<u>\$ 7,744</u>	<u>\$ -</u>

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COMPLIANCE SECTION

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Kaufman County Community
Supervision and Corrections Department
Kaufman, 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 Kaufman County Community Supervision and Corrections Department, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the Kaufman County Community Supervision and Corrections Department's financial statements, and have issued our report thereon dated February 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kaufman 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 Kaufman County Community Supervision and Corrections Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Kaufman 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 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. 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 Kaufman 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 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 matter 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 Kaufman 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 the entity'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 Kaufman 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 17, 2017

**KAUFMAN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED AUGUST 31, 2016

None

**KAUFMAN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

FOR THE YEAR ENDED AUGUST 31, 2016

Findings No. 2015-001:

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

Condition: The County exceeded expenditures as follows:

	Budget	Actual	Variance Favorable (Unfavorable)	Over \$15,000	Over 15%
Sex Offender Program Equipment	\$ 290	\$ 489	\$(199)	\$ -	\$ 156

Cause: The individual responsible for reporting contract expenditures mistakenly reported \$199 as a Sex Offender Program expense when it should have been reported as a Substance Abuse Program expense.

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

Statement of Corrective Action: The department will adopt procedures to ensure that the County does not obligate expenditures in excess of the approved budget in the future.

Current Status: This item has been resolved.

Fiscal Year 2016 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	
1.	<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.
2.	<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.
3.	<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.
4.	<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 2016 is October 31, 2016 .
5.	<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.
6.	___	<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.
7.	<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.
8.	<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.
9.	<u>YES</u>	___		Does the CSCD have an existing policy on budget approval, operate by the policy, and the policy has been approved 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.
10.	<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.
11.	<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.
- 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? (*FMM* Pages 7-8) If not, explain in the Notes to the Financial Statements and include in the Schedule of Findings and Questioned Costs.
12. YES ___
- Did the Fiscal Officer follow the applicable laws, guidelines, and duties as specified on Pages 34-38 of the *Financial Management Manual for TDCJ-CJAD Funding*? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
13. YES ___
- 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, *FMM* Pages 39-40) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
14. YES ___
- Were there any instances of fraud, non-compliance, waste, or abuse noted by the auditor (Chapter 4, Item 4.25 *Government Auditing Standards*)? If yes, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
15. ___ NO
- 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.
16. YES ___
- Is equipment 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.
17. YES ___
- Is surplus equipment disposed of in accordance with TDCJ-CJAD guidelines? (*FMM* Page 27-28) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
18. YES ___
- 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.
19. ___ ___ N/A
- 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? (*FMM* Pages 28-29) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
20. ___ ___ N/A
- 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, 2016**, and in accordance with the *Financial Management Manual for TDCJ-CJAD Funding*? (*FMM* Pages 8-10) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
21. YES ___ ___
- 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.
22. YES ___ ___
- Are Victim Restitution Funds accounted for in accordance with Texas Government
23. YES ___ ___

Code, Section 76.013, and are unclaimed funds tracked for the required five-year period prior to sending to the State Comptroller? (*FMM* Page 31) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

24. 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 13-14 of these Guidelines) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
25. YES ___ ___
 Does the CSCD have a policy regarding eligibility for employee salary merit increases, if merit or one-time increases are given? (*FMM* Page 50) 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.
26. YES ___ ___
 If a Judge allows an offender to pay a fee or donate goods to a local food bank or food pantry in the community in which the defendant resides or another nonprofit organization that: (A) has a 501 (a) IRS exemption as listed in Section 501 (c) (3) of that code and (B) provides services or assistance to needy individuals and families in the community in which the defendant resides in lieu of performing community service restitution (CSR) work hours, does the CSCD have a written **CSR Policy** stating that fact? (As amended in Section 16 (f), Article 42.12, Code of Criminal Procedure) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings of Questioned Costs.
27. ___ ___ N/A
 Are petty cash funds (not change funds) authorized by the county auditor or fiscal officer? (*FMM*, Pages 8, 21-22, 27 and 38) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
28. ___ ___ 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 8, 21-22, 27 and 38) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
29. ___ ___ N/A
 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 (Pre-Trial Bond, Surety Bond, Bail etc.), 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 23, 32 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.
30. ___ ___ 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 24-25) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
31. ___ ___ N/A
 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* Pages 30-31) If fees are collected, include them in the Note to the Financial Statements for funds not required to be budgeted. If not, explain in the Notes to the Financial Statements or in the

Schedule of Findings and Questioned Costs.

Article 42.12, Section 11 (a) (18), Code of Criminal Procedure authorizes the court to order a defendant, as a condition of community supervision, to reimburse the Crime Victims' Compensation Fund for any amounts paid from that fund to a victim of the defendant's offense or, if no reimbursement is required, make one payment to the fund in an amount not to exceed \$50 if the offense is a misdemeanor or not to exceed \$100 if the offense is a felony. If these fees were collected, were they remitted to the State Comptroller in compliance with the timelines outlined by the State Comptroller's Office? (*FMM* Page 31) 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.

32. ___ ___ N/A

Were pretrial diversion/intervention fees properly collected and accounted for as payments by program participants or as community supervision fees? (*FMM* Pages 31-32, 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.

33. YES ___ ___

Is there proper identification on motor vehicles that are issued exempt license plates? (*FMM* Page 33, Transportation Code, Chapter 721) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

34. YES ___ ___

Is the transactions' administrative fee, if collected, accounted for on a consistent basis? (*FMM* Page 33) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

35. ___ ___ N/A

Were interfund transfers, if any, correctly identified in the financial statements (*FMM*, Pages 16-17)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

36. ___ ___ N/A

It is inappropriate for government funded programs to end a fiscal year in a deficit. If there were negative fund balances at the end of the fiscal year, were they covered by interfund transfers as described in the *Financial Management Manual* for TDCJ-CJAD Funding? (*FMM* Page 37) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

37. ___ ___ N/A

Do action plans exist for all significant findings from prior 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.

38. YES ___ ___