

**KAUFMAN COUNTY
COMMUNITY SUPERVISION AND
CORRECTIONS DEPARTMENT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
AUGUST 31, 2017**

WITH INDEPENDENT AUDITORS' REPORT

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**KAUFMAN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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**KAUFMAN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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COMBINED FINANCIAL STATEMENTS

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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, 2017, 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 August 31, 2017, and the related notes to the financial statements, which collectively comprise Kaufman County Community Supervision and Corrections Department (CSCD) basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Texas Department of Criminal Justice – Community Justice Assistance Division (TDCJ-CJAD); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is significant and appropriate to provide a basis for our opinions.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the combined statement of financial position as of August 31, 2017, 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 ended August 31, 2017 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 19, 2018, 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.

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

Waco, Texas
February 19, 2018

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**KAUFMAN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
COMBINED STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2017**

	Basic Supervision	Community Corrections	Diversion Program	Total
ASSETS				
Bank Balances	\$ 905,506	\$ 99,200	\$ 3,990	\$ 1,008,696
Prepaid Expenses	1,791	-	-	1,791
Total Assets	907,297	99,200	3,990	1,010,487
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	79,194	7,215	-	86,409
Due to TDCJ-CJAD	-	91,985	3,990	95,975
Total Liabilities	79,194	99,200	3,990	182,384
Fund Balance	828,103	-	-	828,103
Total Liabilities and Fund Balance	\$ 907,297	\$ 99,200	\$ 3,990	\$ 1,010,487

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, 2017**

	<u>Basic Supervision</u>	<u>Community Corrections</u>	<u>Diversion Program</u>	<u>Total</u>
REVENUE				
State Aid	\$ 373,412	\$ 172,232	\$ 46,800	\$ 592,444
One Time Payments	10,422	-	-	10,422
Total State Aid	<u>383,834</u>	<u>172,232</u>	<u>46,800</u>	<u>602,866</u>
Community Supervision Fees	780,342	-	-	780,342
Payment by Program Participants	19,010	-	-	19,010
Interest Income	3,101	-	-	3,101
Total Revenue	<u>1,186,287</u>	<u>172,232</u>	<u>46,800</u>	<u>1,405,319</u>
EXPENDITURES				
Salaries and Fringe Benefits	920,554	48,977	51,808	1,021,339
Travel and Furnished Transportation	78,110	-	-	78,110
Contract Services for Offenders	-	65,573	875	66,448
Professional Fees	45,343	1,246	-	46,589
Supplies and Operating Expenses	52,586	1,130	-	53,716
Utilities	6,710	-	-	6,710
Equipment	8,000	-	-	8,000
Total Expenditures	<u>1,111,303</u>	<u>116,926</u>	<u>52,683</u>	<u>1,280,912</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	74,984	55,306	(5,883)	124,407
OTHER FINANCING SOURCES (USES)				
Transfer in (out) from BS to CCP	(4,340)	2,211	2,129	-
Total Other Financing Sources (Uses)	<u>(4,340)</u>	<u>2,211</u>	<u>2,129</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	757,615	34,468	7,744	799,827
Prior Period Refund Paid to CJAD	(156)	-	-	(156)
Adjusted Beginning Fund Balance	<u>757,459</u>	<u>34,468</u>	<u>7,744</u>	<u>799,671</u>
REFUND DUE TO TDCJ-CJAD	-	(91,985)	(3,990)	(95,975)
YEAR ENDING FUND BALANCE	<u>\$ 828,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 828,103</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, 2017**

	<u>Sex Offender Program</u>	<u>Substance Abuse Treatment Program</u>	<u>Total</u>
REVENUE			
State Aid	\$ 80,822	\$ 91,410	\$ 172,232
Total Revenue	<u>80,822</u>	<u>91,410</u>	<u>172,232</u>
EXPENDITURES			
Salaries and Fringe Benefits	48,977	-	48,977
Contract Services for Offenders	525	65,048	65,573
Professional Fees	606	640	1,246
Supplies and Operating	<u>730</u>	<u>400</u>	<u>1,130</u>
Total Expenditures	<u>50,838</u>	<u>66,088</u>	<u>116,926</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	29,984	25,322	55,306
OTHER FINANCING SOURCES (USES)			
Transfer in from BS	<u>2,211</u>	<u>-</u>	<u>2,211</u>
Total Other Financing Sources (Uses)	<u>2,211</u>	<u>-</u>	<u>2,211</u>
PRIOR YEAR ENDING FUND BALANCE	20,954	13,514	34,468
REFUND DUE TO TDCJ-CJAD	<u>(53,149)</u>	<u>(38,836)</u>	<u>(91,985)</u>
YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2017**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE			
State Aid	\$ 373,412	\$ 373,412	\$ -
One Time Payment	<u>10,422</u>	<u>10,422</u>	<u>-</u>
Total State Aid	<u>383,834</u>	<u>383,834</u>	<u>-</u>
Community Supervision Fees	600,000	780,342	180,342
Payment by Program Participants	29,600	19,010	(10,590)
Interest Income	<u>3,000</u>	<u>3,101</u>	<u>101</u>
Total Revenue	<u>1,016,434</u>	<u>1,186,287</u>	<u>169,853</u>
EXPENDITURES			
Salaries and Fringe Benefits	965,779	920,554	45,225
Travel and Furnished Transportation	88,930	78,110	10,820
Contract Services for Offenders	3,700	-	3,700
Professional Fees	74,448	45,343	29,105
Supplies and Operating Expenses	619,912	52,586	567,326
Utilities	8,640	6,710	1,930
Equipment	<u>8,300</u>	<u>8,000</u>	<u>300</u>
Total Expenditures	<u>1,769,709</u>	<u>1,111,303</u>	<u>658,406</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(753,275)	74,984	828,259
OTHER FINANCING SOURCES (USES)			
Transfer out from BS TO CCP	<u>(4,340)</u>	<u>(4,340)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(4,340)</u>	<u>(4,340)</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	757,615	757,615	-
Prior Period Refund Paid to CJAD	<u>-</u>	<u>(156)</u>	<u>(156)</u>
Adjusted Beginning Fund Balance	<u>757,615</u>	<u>757,459</u>	<u>(156)</u>
YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 828,103</u>	<u>\$ 828,103</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, 2017**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 80,822	\$ 80,822	\$ -
Total Revenue	<u>80,822</u>	<u>80,822</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	55,530	48,977	6,553
Contract Services for offenders	22,720	525	22,195
Professional fees	606	606	-
Supplies and operating	25,131	730	24,401
Total Expenditures	<u>103,987</u>	<u>50,838</u>	<u>53,149</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(23,165)	29,984	53,149
OTHER FINANCING SOURCES (USES)			
Transfer in from BS	2,211	2,211	-
Total Other Financing Sources (Uses)	<u>2,211</u>	<u>2,211</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	20,954	20,954	-
REFUND DUE TO TDCJ-CJAD	<u>-</u>	(53,149)	(53,149)
YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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
SUBSTANCE ABUSE TREATMENT PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2017**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 91,410	\$ 91,410	\$ -
Total Revenue	91,410	91,410	-
EXPENDITURES			
Contract services for offenders	102,284	65,048	37,236
Professional fees	640	640	-
Supplies and operating expenses	2,000	400	1,600
Total Expenditures	104,924	66,088	38,836
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(13,514)	25,322	38,836
PRIOR YEAR ENDING FUND BALANCE	13,514	13,514	-
REFUND DUE TO TDCJ-CJAD	-	(38,836)	(38,836)
YEAR ENDING FUND BALANCE	\$ -	\$ -	\$ -

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, 2017**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 46,800	\$ 46,800	\$ -
Total Revenue	46,800	46,800	-
EXPENDITURES			
Salaries & Fringe Benefits	54,960	51,808	3,152
Contract services for offenders	1,713	875	838
Total Expenditures	56,673	52,683	3,990
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(9,873)	(5,883)	3,990
OTHER FINANCING SOURCES (USES)			
Transfer in from BS to DP	2,129	2,129	-
Total Other Financing Sources (Uses)	2,129	2,129	-
PRIOR YEAR ENDING FUND BALANCE	7,744	7,744	-
REFUND DUE TO TDCJ-CJAD	-	(3,990)	(3,990)
YEAR ENDING FUND BALANCE	\$ -	\$ -	\$ -

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, 2017

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, 2017 for financial activity performed by August 31, 2017, are considered available. Also purchases for which the commitment has been established by August 31, 2017, are considered liabilities regardless of whether possession of these goods has been received by August 31, 2017, provided that the liability purchase is received and is paid for by October 31, 2017. 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)

Pursuant to Government Code, Section 76.004 and 76.002, the budgets governing the funding to the programs are prepared biennially, then approved by the district judges and the criminal court-at-law judges with jurisdiction over the department and by the Texas Department of Criminal Justice – Community Justice Assistance Division. Only budget adjustment requests, at year-end, received by September 30, 2017 will be received and approved/disapproved by TDCJ-CJAD. TDCJ-CJAD will not accept any budget adjustments after September 30, 2017 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, 2017 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, 2017 is \$82,573. 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 CCP 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.

Pre-Trial Funding: Funds were appropriated by the 85th Legislature. Appropriations of the Pre-Trial funding 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, 2017:

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions
Community Supervision Fees	\$ 780,342	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Payments by Program Participants	19,010	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Interest Income	3,101	<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, 2017:

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions	Fund Balance at August 31, 2017
Victim restitution	\$ 167,402	Government Code 76.013, paid directly to victim within certain timelines.	Yes	\$ -
Crimestoppers	7,886	Local Government Code, Chapter 113, Section 113.022	Yes	-
Attorney fees	2,491	Local Government Code, Chapter 113, Section 113.022	Yes	-
Court costs	75,376	Local Government Code, Chapter 113, Section 113.022	Yes	-
Fines	181,349	Local Government Code, Chapter 113, Section 113.022	Yes	-
Overpayments	862	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 PAYABLES AS STATED ON THE COMBINED STATEMENT OF FINANCIAL POSITION AS OF AUGUST 31, 2017

The accounts payable of \$86,409 consists of payments to vendors for services or supplies outstanding as of August 31, 2017.

8. INTERFUND TRANSFERS

The Department did not have any interfund receivables or payable balances at August 31, 2017.

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, 2017.

11. DEOBLIGATIONS

The Department did not have any deobligated funds for the 2017 fiscal year.

12. PRIOR PERIOD ADJUSTMENTS

The Department did not have a prior period adjustment

13. REFUNDS

The Department had refunds due to TDCJ-CJAD in the amount of \$95,975. The Department also had a prior year refund in Basic Supervision of \$156.

14. SUBSEQUENT EVENTS

Subsequent events were evaluated through February 19, 2018, the issuance date of the report. No events requiring disclosure were noted.

15. OTHER

The Department has nothing further that requires 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, 2017**

	Audit	Per CSCD Report	Difference
REVENUE			
State aid	\$ 373,412	\$ 373,412	\$ -
One Time Payment	<u>10,422</u>	<u>10,422</u>	<u>-</u>
Total State Aid	<u>383,834</u>	<u>383,834</u>	<u>-</u>
Community supervision fees	780,342	780,342	-
Payments by program participants	19,010	19,010	-
Interest income	<u>3,101</u>	<u>3,101</u>	<u>-</u>
Total Revenue	<u>1,186,287</u>	<u>1,186,287</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	920,554	920,554	-
Travel and furnished transportation	78,110	78,110	-
Professional fees	45,343	45,343	-
Supplies and operating expenses	52,586	52,586	-
Utilities	6,710	6,710	-
Equipment	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Total Expenditures	<u>1,111,303</u>	<u>1,111,303</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	74,984	74,984	-
OTHER FINANCING SOURCES (USES)			
Transfer out from BS to CCP	<u>(4,340)</u>	<u>(4,340)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(4,340)</u>	<u>(4,340)</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE			
Prior period adjustment	-	(156)	(156) A
Prior Period Refund Paid to CJAD	<u>(156)</u>	<u>-</u>	<u>156</u> A
Adjusted Beginning Fund Balance	<u>757,459</u>	<u>757,459</u>	<u>-</u>
YEAR ENDING FUND BALANCE	<u>\$ 828,103</u>	<u>\$ 828,103</u>	<u>\$ -</u>

A The Department had a prior year refund to the Basic Supervision Grant and classified that in the prior period adjustment line item in the quarterly reports. Per TDCJ-CJAD reporting requirements, this amount should be classified on the Prior Year Refunds line on the quarterly reports.

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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, 2017**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 80,822	\$ 80,822	\$ -
Total Revenue	<u>80,822</u>	<u>80,822</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	48,977	48,977	-
Contract services for offenders	525	525	-
Professional fees	606	606	-
Supplies & operating	<u>730</u>	<u>730</u>	<u>-</u>
Total Expenditures	<u>50,838</u>	<u>50,838</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	29,984	29,984	-
OTHER FINANCING SOURCES (USES)			
Transfer in from BS	<u>2,211</u>	<u>2,211</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>2,211</u>	<u>2,211</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE			
	<u>20,954</u>	<u>20,954</u>	<u>-</u>
REFUND DUE TO TDCJ-CJAD			
	<u>(53,149)</u>	<u>(53,149)</u>	<u>-</u>
YEAR ENDING FUND BALANCE			
	<u>\$ -</u>	<u>\$ -</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, 2017**

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 91,410	\$ 91,410	\$ -
Total Revenue	<u>91,410</u>	<u>91,410</u>	<u>-</u>
EXPENDITURES			
Contract services for offenders	65,048	65,048	-
Professional fees	640	640	-
Supplies and operating expenses	<u>400</u>	<u>400</u>	<u>-</u>
Total Expenditures	<u>66,088</u>	<u>66,088</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	25,322	25,322	-
PRIOR YEAR ENDING FUND BALANCE			
	13,514	13,514	-
REFUND DUE TO TDCJ-CJAD			
	<u>(38,836)</u>	<u>(38,836)</u>	<u>-</u>
YEAR ENDING FUND BALANCE			
	<u>\$ -</u>	<u>\$ -</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, 2017**

	<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	51,808	51,808	-
Contract Services for Offenders	<u>875</u>	<u>875</u>	<u>-</u>
Total Expenditures	<u>52,683</u>	<u>52,683</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES			
	(5,883)	(5,883)	-
OTHER FINANCING SOURCES (USES)			
Transfer in from BS to DP	<u>2,129</u>	<u>2,129</u>	<u>-</u>
Total Other Financing Sorces (Uses)	<u>2,129</u>	<u>2,129</u>	<u>-</u>
PRIOR YEAR ENDING FUND BALANCE	7,744	7,744	-
REFUND DUE TO TDCJ-CJAD	<u>(3,990)</u>	<u>(3,990)</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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COMPLIANCE SECTION

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

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, 2017, 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 19, 2018.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 19, 2018

**KAUFMAN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED AUGUST 31, 2017

None

**KAUFMAN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

FOR THE PRIOR YEAR ENDED AUGUST 31, 2016

None

VI. 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

POLICIES AND PROCEDURES

- | | | | |
|----|------------|-----------|--|
| 1. | ___ | <u>NO</u> | <p>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.</p> |
| 2. | <u>YES</u> | ___ | <p>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.</p> |
| 3. | <u>YES</u> | ___ | <p>Did the Fiscal Officer follow the applicable laws, guidelines, and duties as specified on Fiscal Officer section of the <i>Financial Management Manual for TDCJ-CJAD Funding</i>? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.</p> |
| 4. | <u>YES</u> | ___ | <p>Were purchasing laws, including required competitive bidding, followed as directed in accordance with the same procedures applicable to a county (Texas Local Government Code Section 140.003 and Chapter 262, <i>FMM</i> Purchasing)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.</p> |
| 5. | ___ | ___ | <p>Are expenditures that benefit both juveniles and adults prorated on an equitable basis? Is determination of the method of prorating such expenditures supported by adequate documentation, including an annual time study (<i>FMM</i> Multiple Positions & Dual Departments)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.</p> |
| 6. | <u>YES</u> | ___ | <p>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 (<i>CMM</i> and Pages 13-14 <i>SRF</i> of these Guidelines)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.</p> |
| 7. | ___ | ___ | <p>Does the CSCD have a policy regarding eligibility for employee salary merit increases, if merit or one-time increases are given (<i>FMM</i> Salaries Expenditure Items)? 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.</p> |
| 8. | <u>YES</u> | ___ | <p>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</p> |

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.

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* Grants, Donations, Fees...)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

- | | | | | |
|-----|------------|-----|------------|---|
| 9. | <u>YES</u> | ___ | ___ | <p>Local Benefit Coordinators shall participate in required ERS training. The TDCJ-CJAD Benefits Administrator will train local Benefit Coordinators on Benefits Administration and the ERS Online Website procedures. Did the Local Benefit Coordinators, as required each year by TDCJ-CJAD-PS-11 and ERS, attend an FY 2017 Refresher Training and the Annual Enrollment Training?</p> |
| 10. | <u>YES</u> | ___ | ___ | <p>Is equipment physically inventoried annually and adequately supported with a TDCJ-CJAD Equipment Inventory Form as instructed in the Equipment Section of the <i>FMM</i>? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.</p> |
| 11. | <u>YES</u> | ___ | ___ | <p>Is surplus equipment disposed of in accordance with TDCJ-CJAD guidelines (<i>FMM</i> Disposable Surplus of Property)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.</p> |
| 12. | <u>YES</u> | ___ | ___ | <p>Is there proper identification on motor vehicles that are issued exempt license plates (<i>FMM</i> P Statutory Requirements, Transportation Code, Chapter 721)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.</p> |
| 13. | <u>YES</u> | ___ | ___ | <p>When the CSCD or a vendor operating a commissary for a CSCD purchase goods at retail outlets for resale at the commissary using sales tax exemption documentation, did the CSCD charge and collect state sales tax from the residents for items purchased? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.</p> |
| 14. | ___ | ___ | <u>N/A</u> | <p>If the CSCD charged and collected state sales tax from residents, does the CSCD have a sales tax permit issued by the Comptroller of Public Accounts? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.</p> |
| 15. | ___ | ___ | <u>N/A</u> | <p>Did the CSCD remit the collected sales taxes to the state either quarterly or yearly (with the permission of the Comptroller of Public Accounts)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.</p> |
| 16. | ___ | ___ | <u>N/A</u> | <p>Did the CSCD remit the collected sales taxes to the state either quarterly or yearly (with the permission of the Comptroller of Public Accounts)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.</p> |

17. N/A Did the CSCD follow the procedures for tax return, record keeping, tax remittance regarding state sales tax as summarized in Rule §3.286 of the Texas Administrative Code? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

FINANCIAL STATEMENTS

18. YES 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.

19. YES Were interfund transfers, if any, correctly identified in the financial statements (*FMM*, Financial Reports)? If not, explain in the Interfund Transfer note of the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

20. 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* Fiscal Officer)? If not, explain in the Interfund Transfer note Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

21. YES In FY 2017, did the CSCD determine if funds allocated to program(s) were in excess of the actual needs to operate the programs for the remainder of the fiscal year, resulting in deobligation of funds? 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). If so, indicate the program(s) and the amount(s) in the Deobligation note of the Notes to the Financial Statements and in their specified line of the financial statements in the Independent Audit.

22. N/A Are the deobligated funds, if any, reported as reductions to State Aid (I.e. is the reported state aid the correct amount after deobligation)? If applicable. If not, explain in the Deobligation note of the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

23. N/A If funds were deobligated, were the appropriate budget adjustments made for the reallocated funds? If not, explain in the Deobligation note of the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

24. YES Did the CSCD receive any One Time Payments in FY 2017? If so, include them in their specified line of the financial statements in the Independent Audit.

25. YES Were the One Time Payments, if any, expended or had a purchase order issued within their allotted time frame? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

26. NO Does the CSCD have any unfavorable budget variances from FY 2017 that require refunding back to TDCJ-CJAD? If so, identify them in the Excess of Expenditures Over Budgets note of the Note to the Financial Statements.

If the CSCD had any unfavorable budget variance refunds for FY 2017, were these refunds properly reported as prior period adjustments on the Quarterly Financial Report in period that the funds were paid and returned to TDCJ-CJAD? If not, explain in the Prior Period Adjustment note of the Note to the Financial Statements.

27. ___ ___ N/A

BASIS OF ACCOUNTING

28. YES ___ Is separate accountability maintained for TDCJ-CJAD funds; i.e., fund accounting of self-balancing funds? If not, explain in the Basis of Accounting portion of the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

29. YES ___ Are proper cutoff procedures observed at the end of each fiscal period? The cutoff date for revenues recognition and expenditures payments of FY 2017 is **October 31, 2017**. If not, explain in the Basis of Accounting portion of the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

30. YES ___ Is the modified accrual basis of accounting used in preparing the fourth quarter reports for submission to TDCJ-CJAD? If not, explain in the Basis of Accounting portion of the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

BUDGET

31. YES ___ 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 Financial Management Manual for TDCJ-CJAD Funding (FMM Budgets)). If not, explain in the Budget note of the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

32. YES ___ 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, 2017, and in accordance with the Financial Management Manual for TDCJ-CJAD Funding (FMM Budgets)? If not, explain in the Budget note of the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

FUNDS COLLECTED FROM SOURCES OTHER THAN TDCJ-CJAD

33. 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, 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.

34. 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? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

35. 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 (Supervision Fees)? If so, indicate whether they were accounted for as payments by program participants or as community supervision fees, 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.
36. NO If the CSCD collected administrative fees for Offender Program Participation, did the CSCD assess a reasonable administrative fee of not less than \$25 and not more than \$60 per Government Code, Section 76.015? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
37. YES Did the CSCD collect pretrial diversion/intervention fees in fiscal year 2017? If so, indicate whether they were accounted for as payments by program participants or as community supervision fees, 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.
38. YES Were pretrial diversion/intervention fees properly accounted for, if collected (FMM Statutory Requirements, 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.
39. NO Did the CSCD collect transactions' administrative fees in fiscal year 2017? If so, include them 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 of the Notes to the Financial Statements.
40. N/A Is the transactions' administrative fee budgeted and recorded as Other Revenue in Basic Supervision and accounted for on a consistent basis (FMM Statutory Requirements)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
41. YES Did the CSCD collect Supervision Fee's for Sex Offenders in fiscal year 2017? If so, include them in the 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 of the Notes to the Financial Statements.
42. YES The Texas Code of Criminal Procedure, Article 42.12, Section 19 (e) requires as a condition of probation that certain sex offenders pay \$5.00 per month during the period of supervision. These fees are in addition to court costs or any other fee imposed on the offender as court ordered. Are these fees remitted to the State Comptroller (FMM Statutory Requirements)? If

not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

43. YES ___ ___
Are Supervision Fee's for Sex Offenders expended in accordance with applicable limitations? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
44. YES ___ ___
Did the CSCD collect Crime Victims' Compensation Funds in fiscal year 2017? If so, include them in the 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 of the Notes to the Financial Statements.
45. YES ___ ___
Article 42.12, Section 11 (a) (18), Code of Criminal Procedure authorizes the court to order a defendant, as a condition of community supervision, to reimburse the Crime Victims' Compensation Fund for any amounts paid from that fund to a victim of the defendant's offense or, if no reimbursement is required, make one payment to the fund in an amount not to exceed \$50 if the offense is a misdemeanor or not to exceed \$100 if the offense is a felony. Were these fees remitted to the State Comptroller in compliance with the timelines outlined by the State Comptroller's Office (FMM Statutory Requirements)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
46. YES ___ ___
Are Crime Victims' Compensation Funds expended in accordance with applicable limitations? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
47. YES ___ ___
Did the CSCD collect Victim Restitution Funds in fiscal year 2017? If so, include them in the 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 note of the Notes to the Financial Statements.
48. YES ___ ___
Are Victim Restitution Funds accounted for in accordance with Texas Government Code, Section 76.013 (FMM Statutory Requirements)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
49. YES ___ ___
Are Victim Restitution Funds unclaimed funds tracked for the required five-year period prior to sending to the State Comptroller? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
50. ___ ___ 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 Grants, Donations, Fees..., Statutory Requirements 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.

51. NO [REDACTED] Did the CSCD collect Personal Bond fees in fiscal year 2017? If so, include them in the 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 note of the Notes to the Financial Statements.
52. N/A Are Personal Bonds fees expended in accordance with applicable limitations? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
53. NO [REDACTED] Did the CSCD collect Pre-Trial Bonds fees in fiscal year 2017? If so, include them in the 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 note of the Notes to the Financial Statements.
54. N/A Are Pre-Trial Bonds fees expended in accordance with applicable limitations? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
55. NO [REDACTED] Did the CSCD collect Surety Bonds fees in fiscal year 2017? If so, include them in the 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 note of the Notes to the Financial Statements.
56. N/A Are Surety Bonds fees expended in accordance with applicable limitations? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
57. NO [REDACTED] Did the CSCD collect Bail fees Fiscal year 2017? If so, include them in the 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 note of the Notes to the Financial Statements.
58. N/A Are Bail fees expended in accordance with applicable limitations? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
59. NO [REDACTED] Did the CSCD collect fees for occupational licenses issued by Drug Courts in fiscal year 2017? If so, include them in the 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 note of the Notes to the Financial Statements.
60. N/A Were fees for occupational licenses issued by Drug Courts expended in accordance with applicable limitations? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

61. NO Did the CSCD collect fees for ignition interlock installation upon conviction in fiscal year 2017? If so, include them in the 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 note of the Notes to the Financial Statements.
62. N/A Were fees for ignition interlock installation upon conviction expended in accordance with applicable limitations? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
63. NO Attorney General (AG) Opinion No. LO-98-008 indicates that state aid provided to a CSCD under the authority of Chapter 509, Texas Government Code, may only be used to provide services to criminal defendants. Therefore, when hiring a person who is responsible for supervising offenders charged with a noncriminal offense, the person's salary, benefits, and related expenses must be paid with funds from sources other than funds provided by TDCJ-CJAD or from criminal supervision fees or other locally collected funds. Expenses for the supervision of noncriminal respondents must be paid from civil supervision fees or outside grants. Did the CSCD collect Civil fees from respondents on child support civil caseloads (or other noncriminal offenders)? If so, include them in the 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 note of the Notes to the Financial Statements.
64. N/A If Civil fees were collected, were they accounted for as if they were a separate grant from as outside source (other than TDCJ-CJAD)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
65. N/A If Civil fees were collected, were they deposited in a special fund of the county treasury, provided for by the Code of Criminal Procedure, to be used for Community Supervision? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
66. N/A If Civil fees were collected, did the CSCD send a check from the civil fees fund (or from other outside grand funds) to the TDCJ-CJAD Cashier's office to reimburse the Basic Supervision Insurance reserve for these employee's insurance premiums (the employer portion)? Although these employees are eligible for state health insurance, the employer portion of the insurance premiums for these employees cannot be paid from the Basic Supervision reserve that is deducted from Basic Supervision funds each fiscal year, or from any other state funds. If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
67. YES Are all non-TDCJ-CJAD funded program fees expended in accordance with applicable limitations; i.e., Court Costs, Federal grants and other fees, etc.? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

CASH, COLLECTIONS, CHANGE FUND, PETTY CASH

68. YES Are all of the CSCD's funds and collections deposited in the county treasury (county's bank account)? (FMM State Payments; 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 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.
69. YES Are all of the CSCD's funds and collections disbursed by the county treasurer on behalf of the CSCD? (FMM State Payments; 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 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.
70. 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? (FMM State Payments) If not, explain 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.
71. NO Did the CSCD maintain a Change Fund authorized by the fiscal officer in fiscal year 2017? Change Funds are not to be confused with petty cash funds. (FMM Fiscal Officer) If so, indicate the Cash Change Fund amount in the Cash, Collections, Change Fund, Petty Cash & Investments note of the Notes to the Financial Statements.
72. N/A Was the Change Fund only used to make change in connection with collections that are due and payable to the CSCD? If not, explain 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.
73. N/A Did the Employee Surety Bond coverage include the CSCD employee who maintains and administers such Change Fund and covered that employee's responsibility for the correct accounting and disposition of the change fund? If not, explain 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.
74. NO Did the CSCD maintain petty cash utilizing CSCD's funds authorized by the county auditor in the fiscal year 2017? If so, indicate the petty cash dollar amount in the Cash, Collections, Change Fund, Petty Cash & Investments note of the Notes to the Financial Statements.
75. N/A 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? (FMM, State Payments, Financial Reports, Community Corrections Facility and Fiscal Officer) If not, explain 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.

Are petty cash funds utilizing CSCD's funds used expended only for emergency situations authorized by a written policy and approved by the CSCD director? If not, explain 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.

76. N/A

Did the CSCD maintain petty cash utilizing NON CSCD's revenues (i.e. vending machine revenues) in the fiscal year 2017? 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.

77. NO

Are petty cash funds utilizing NON CSCD's funds used only for specific purposes for allowable items as listed in the Financial Management Manual for TDCJ-CJAD Funding? If not, explain 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.

78. N/A

SCHEDULE OF DIFFERENCES

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.

79. YES

Were there any differences identified in the Schedule of Differences?

80. 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.

81. YES

COMPLIANCE AND OTHER MATTERS

Were there any instances of fraud noted by the auditor (Chapter 4, Item 4.25 Government Auditing Standards)? If yes, explain in the Notes to the Financial Statements, Report on Compliance and Internal Control or in the Schedule of Findings and Questioned Costs.

82. NO

Were there any instances of deficiencies in internal control noted by the auditor (Chapter 4, Item 4.25 Government Auditing Standards)? If yes, explain in the Notes to the Financial Statements, Report on Compliance and Internal Control or in the Schedule of Findings and Questioned Costs.

83. NO

84. ___ NO

Were there any instances of non-compliance noted by the auditor (Chapter 4, Item 4.25 Government Auditing Standards)? If yes, explain in the Notes to the Financial Statements, Report on Compliance and Internal Control or in the Schedule of Findings and Questioned Costs.

85. ___ NO

Were there any instances of waste noted by the auditor (Chapter 4, Item 4.25 Government Auditing Standards)? If yes, explain in the Notes to the Financial Statements, Report on Compliance and Internal Control or in the Schedule of Findings and Questioned Costs.

86. ___ NO

Were there any instances of abuse noted by the auditor (Chapter 4, Item 4.25 Government Auditing Standards)? If yes, explain in the Notes to the Financial Statements, Report on Compliance and Internal Control or in the Schedule of Findings and Questioned Costs.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

87. ___ ___ N/A

Do any action plans exist for significant findings from prior audits (Chapter 4, Item 4.05, Government Auditing Standards)? If not, explain in the Notes to the Financial Statements and in the Schedule of Findings and Questioned Costs.

88. ___ ___ N/A

If action plans exist from prior audit findings, are they current (Chapter 4, Item 4.05, Government Auditing Standards)? If not, explain in the Notes to the Financial Statements and in the Schedule of Findings and Questioned Costs.

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