

**UPSHUR AND MARION COUNTIES
DEPARTMENT OF COMMUNITY
SUPERVISION AND CORRECTIONS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

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

WITH INDEPENDENT AUDITORS' REPORT

**FILED
TERRI ROSS
COUNTY CLERK**

2018 MAR 29 AM 9:37

UPSHUR COUNTY, TX.

BY

DEPUTY

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

TABLE OF CONTENTS

	<u>Page Number</u>
COMBINED FINANCIAL STATEMENTS	
Independent Auditors' Report.....	1 – 3
Combined Statement of Financial Position	4
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – All Community Corrections Program Funds.....	5
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – All Community Corrections Program Funds.....	6
Individual Statement of Revenue, Expenditures and Changes in Fund Balance – Budget, Actual and Variance Basic Supervision	7
Individual Statements of Revenue, Expenditures and Changes in Fund Balance – Budget, Actual and Variance Diversion Program.....	8 – 10
Notes to Financial Statements	11 – 16
SUPPLEMENTARY SCHEDULES	
Schedules of Differences Between Audit Report and CSCD Reports	17 – 20
COMPLIANCE SECTION	
Independent Auditor's Report on Compliance and on Internal Control Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	21 – 22
Schedule of Findings and Responses	23
Schedule of Prior Year Findings and Responses.....	24
Fiscal Year 2017 TDCJ-CJAD Compliance Checklist	25 – 33

THIS PAGE LEFT BLANK INTENTIONALLY



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

INDEPENDENT AUDITORS' REPORT

Upshur and Marion Counties Community
Supervision and Corrections Department
Upshur, Texas

Report on the Financial Statements

We have audited the accompanying combined statement of financial position as of August 31, 2017, the combined statement of revenue, expenditures and changes in fund balance and the individual statements of revenue, expenditures and changes in fund balance – budget, actual, and variance for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise Upshur and Marion Counties Community Supervision and Corrections Department (CSCD) basic financial statements, and have issued our report thereon dated February 26, 2018.

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the combined statement of financial position as of August 31, 2017, and the combined statement of revenue, expenditures and changes in fund balance and the individual statements of revenue, expenditures and changes in fund balance – budget, actual, and variance for the year ended August 31, 2017, and the related notes to the financial statements of Upshur and Marion Counties Community Supervision and Corrections Department, in accordance with the financial reporting provisions of the TDCJ-CJAD as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the TDCJ-CJAD, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the TDCJ-CJAD. Our opinion is not modified with respect to that matter.

Emphasis Matter

As discussed in Note 1, the financial statements present the operations of the Upshur and Marion Counties Community Supervision and Corrections Department only, and are not intended to present fairly the financial position of Upshur 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 Upshur and Marion Counties Community Supervision and Corrections Department's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedules of Differences between the Audit Report and CSCD Reports Sent to TDCJ-CJAD are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2018, on our consideration of the Upshur and Marion Counties 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 Upshur and Marion Counties 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 Upshur and Marion Counties Community Supervision and Corrections Department, others within the organization, and the Texas Department of Criminal Justice - Community Justice Assistance Division and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown ; Hill, L.L.P.

Waco, Texas
February 26, 2018

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

COMBINED STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2017

	<u>Basic Supervision</u>	<u>Community Corrections</u>	<u>Diversion Program</u>	<u>Total</u>
ASSETS				
Cash and Investments:				
Cash	\$ 112,033	\$ 5,534	\$ 18,390	\$ 135,957
Total Cash and Investments	<u>112,033</u>	<u>5,534</u>	<u>18,390</u>	<u>135,957</u>
Accounts Receivable:				
Community supervision fees	35,188	-	-	35,188
Due from Upshur County	<u>129</u>	<u>-</u>	<u>-</u>	<u>129</u>
Accounts Receivable	<u>35,317</u>	<u>-</u>	<u>-</u>	<u>35,317</u>
 Total Assets	 <u>147,350</u>	 <u>5,534</u>	 <u>18,390</u>	 <u>171,274</u>
 LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	1,876	267	1,260	3,403
Due to TDCJ-CJAD	<u>-</u>	<u>5,267</u>	<u>17,130</u>	<u>22,397</u>
Total Liabilities	<u>1,876</u>	<u>5,534</u>	<u>18,390</u>	<u>25,800</u>
 Fund Balance	 <u>145,474</u>	 <u>-</u>	 <u>-</u>	 <u>145,474</u>
 Total Liabilities and Fund Balance	 <u>\$ 147,350</u>	 <u>\$ 5,534</u>	 <u>\$ 18,390</u>	 <u>\$ 171,274</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

**COMBINED STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED AUGUST 31, 2017

	Basic Supervision	Community Corrections	Diversion Program	Total
REVENUE				
State aid (prior to one time payment)	\$ 221,413	\$ 95,187	\$ 80,597	\$ 397,197
One time payment (addition to state aid)	<u>6,413</u>	<u>-</u>	<u>-</u>	<u>6,413</u>
Total State Aid	<u>227,826</u>	<u>95,187</u>	<u>80,597</u>	<u>403,610</u>
State aid: SAFFP	1,650	-	-	1,650
Community supervision fees	421,555	-	-	421,555
Payments by program participants	49,549	-	-	49,549
Interest income	524	-	-	524
DHS Collections	348	-	-	348
Other revenue	<u>13</u>	<u>-</u>	<u>-</u>	<u>13</u>
Total Revenue	<u>701,465</u>	<u>95,187</u>	<u>80,597</u>	<u>877,249</u>
EXPENDITURES				
Salaries and fringe benefits	632,241	69,373	20,312	721,926
Travel and furnished transportation	8,757	34,815	-	43,572
Contract services for offenders	1,937	-	51,965	53,902
Professional fees	4,986	3,878	603	9,467
Supplies and operating expenses	24,076	633	206	24,915
Utilities	5,573	-	-	5,573
Equipment	<u>20,004</u>	<u>3,598</u>	<u>-</u>	<u>23,602</u>
Total Expenditures	<u>697,574</u>	<u>112,297</u>	<u>73,086</u>	<u>882,957</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	3,891	(17,110)	7,511	(5,708)
PRIOR YEAR ENDING FUND BALANCE	141,583	22,377	9,619	173,579
REFUND DUE TO TDCJ-CJAD	<u>-</u>	<u>(5,267)</u>	<u>(17,130)</u>	<u>(22,397)</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ 145,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,474</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

ALL DIVERSION PROGRAM FUNDS

**COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE**

FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Sex Offender Counseling</u>	<u>Drug Offender Counseling</u>	<u>Total</u>
REVENUE			
State aid	\$ 45,440	\$ 35,157	\$ 80,597
Total Revenue	<u>45,440</u>	<u>35,157</u>	<u>80,597</u>
EXPENDITURES			
Salaries and fringe benefits	20,312	-	20,312
Contract services for offenders	17,540	34,425	51,965
Professional fees	340	263	603
Supplies and operating expenses	<u>206</u>	<u>-</u>	<u>206</u>
Total Expenditures	<u>38,398</u>	<u>34,688</u>	<u>73,086</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	7,042	469	7,511
PRIOR YEAR ENDING FUND BALANCE	8,922	697	9,619
REFUND DUE TO TDCJ- CJAD	<u>(15,964)</u>	<u>(1,166)</u>	<u>(17,130)</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

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

BASIC SUPERVISION

FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE			
State aid (prior to one time payment)	\$ 221,413	\$ 221,413	\$ -
One time payment (addition to state aid)	<u>6,413</u>	<u>6,413</u>	<u>-</u>
Total State Aid	<u>227,826</u>	<u>227,826</u>	<u>-</u>
State aid: SAFFP	1,000	1,650	650
Community supervision fees	385,000	421,555	36,555
Payments by program participants	35,000	49,549	14,549
Interest income	200	524	324
DHS Collections	-	348	348
Other revenue	<u>-</u>	<u>13</u>	<u>13</u>
Total Revenue	<u>649,026</u>	<u>701,465</u>	<u>52,439</u>
EXPENDITURES			
Salaries and fringe benefits	662,269	632,241	30,028
Travel and furnished transportation	19,235	8,757	10,478
Contract services for offenders	4,601	1,937	2,664
Professional fees	15,713	4,986	10,727
Supplies and operating expenses	56,006	24,076	31,930
Utilities	9,235	5,573	3,662
Equipment	<u>23,409</u>	<u>20,004</u>	<u>3,405</u>
Total Expenditures	<u>790,468</u>	<u>697,574</u>	<u>92,894</u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	(141,442)	3,891	145,333
PRIOR YEAR ENDING FUND BALANCE	<u>141,442</u>	<u>141,583</u>	<u>141</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ 145,474</u>	<u>\$ 145,474</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

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

**COMMUNITY CORRECTIONS PROGRAM -
COMMUNITY SERVICE RESTITUTION**

FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE			
State aid	\$ 95,187	\$ 95,187	\$ -
Total Revenue	<u>95,187</u>	<u>95,187</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	70,534	69,373	1,161
Travel and furnished transportation	37,215	34,815	2,400
Professional fees	4,114	3,878	236
Supplies and operating expenses	1,361	633	728
Equipment	<u>4,340</u>	<u>3,598</u>	<u>742</u>
Total Expenditures	<u>117,564</u>	<u>112,297</u>	<u>5,267</u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	(22,377)	(17,110)	5,267
PRIOR YEAR ENDING FUND BALANCE	22,377	22,377	-
REFUND DUE TO TDCJ-CJAD	<u>-</u>	<u>(5,267)</u>	<u>(5,267)</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

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

**DIVERSION PROGRAM -
SEX OFFENDER COUNSELING**

FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
State aid	\$ 45,440	\$ 45,440	\$ -
Total Revenue	<u>45,440</u>	<u>45,440</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	24,362	20,312	4,050
Contract services for offenders	28,670	17,540	11,130
Professional fees	340	340	-
Supplies and operating expenses	<u>990</u>	<u>206</u>	<u>784</u>
Total Expenditures	<u>54,362</u>	<u>38,398</u>	<u>15,964</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(8,922)	7,042	15,964
PRIOR YEAR ENDING FUND BALANCE	8,922	8,922	-
REFUND DUE TO TDCJ-CJAD	<u>-</u>	<u>(15,964)</u>	<u>(15,964)</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THIS PAGE LEFT BLANK INTENTIONALLY

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

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

**DIVERSION PROGRAM -
DRUG OFFENDER COUNSELING**

FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
State aid	\$ 35,157	\$ 35,157	\$ -
Total Revenue	<u>35,157</u>	<u>35,157</u>	<u>-</u>
EXPENDITURES			
Contract services for offenders	35,591	34,425	1,166
Professional fees	<u>263</u>	<u>263</u>	<u>-</u>
Total Expenditures	<u>35,854</u>	<u>34,688</u>	<u>1,166</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(697)	469	1,166
PRIOR YEAR ENDING FUND BALANCE	697	697	-
REFUND DUE TO TDCJ-CJAD	<u>-</u>	<u>(1,166)</u>	<u>(1,166)</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THIS PAGE LEFT BLANK INTENTIONALLY

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

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 Upshur and Marion Counties 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, Division Program Grant Funds, local fees collected for the use of the CSCD, and the expenditures of those funds.

The Upshur and Marion Counties 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 Upshur and Marion Counties CSCD are organized on the basis of fund accounting, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in a fund based upon the source of the funds and the purposes for which they may be spent and the means by which the spending activities are controlled for the specific activities in accordance with laws, regulations, or other restrictions. Revenues and expenditures are accounted for using either the cash basis of accounting or the modified accrual basis of accounting until the last quarter when the modified accrual basis of accounting must be used.

The modified accrual basis of accounting is followed in that revenues are recorded when susceptible to accrual; i.e., earned, measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period. Revenues received by October 31, 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 Upshur and Marion Counties CSCD are grouped into the agency fund type for the purpose of operation on the Upshur County, Texas accounting system. Accounting agency funds are accounts established for deposit and disbursement of funds which are not controlled through the Upshur 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, 2017 will be reviewed 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 Upshur County personnel policy permits employees to accumulate earned but unused vacation and sick pay benefits. The liability for vacation as of August 31, 2017 was \$13,643. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the government.

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 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 Grant Funds

This discretionary appropriation line item funding is awarded on a competitive basis. The priorities for distribution are determined biennially. All requests are reviewed by TDCJ-CJAD staff, approved by management and then presented to the Judicial Advisory Council.

Substance Abuse Felony Punishment Facility (SAFPF) Funding: Aftercare caseloads are funded on a per case basis and must meet specific supervision requirements. Funding for SAFPF aftercare caseloads is allocated by the TDCJ-CJAD through the DP line item but is budgeted and reported by CSCDs as state aid under Basic Supervision.

Dedicated Salary Funding: Funds were appropriated by the 81st Legislature specifically for community supervision officers and direct care staff salary increases of 3.5% of the salaries as of August 31, 2009 for FY 2010 and another 3.5% increase of the August 31, 2009 salaries for FY 2011. To date, the dedicated salary funding amounts are the same as in FY 2011. Appropriations of the Dedicated Salary are allocated by TDCJ-CJAD through the DP line item but are budgeted and reported by CSCDs as state aid under Basic Supervision.

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	\$ 421,555	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Payments by Program Participants	49,549	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Interest Income	524	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Additional Payments by Program Participants	-	<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.)

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions	Fund Balance at August 31, 2016
Victim restitution	\$ 73,582	Government Code 76.013, paid directly to victim within certain timelines	Yes	\$ -
Civil fees	24,755	Local Government Code, Chapter 113, Section 113.022	Yes	-
Bond Supervision	110	Article 17.40 of the Code of Criminal Procedure\Senate Bill (SB) 880 in the 82nd Legislature	Yes	-
Crimestoppers	6,231	Local Government Code, Chapter 113, Section 113.022	Yes	-
Crime Victim Compensation	6,237	Local Government Code, Chapter 113, Section 113.022	Yes	-
Supervision Fee for Sex Offenders	990	Article 42.12, Section 19 (f) of the Code of Criminal Procedure	Yes	-
Attorney fees	35,962	Local Government Code, Chapter 113, Section 113.022	Yes	-
Time payment	5,025	Local Government Code, Chapter 113, Section 113.022	Yes	-
Court costs	81,701	Local Government Code, Chapter 113, Section 113.022	Yes	-
Fines and Fees	134,551	Local Government Code, Chapter 113, Section 113.022	Yes	-

5. CASH, PETTY CASH AND INVESTMENTS

Collection or clearing accounts are trust funds and must be covered by pledged collateral to cover the estimated highest daily balance of funds operated in conjunction with or through the county depository by the CSCD. Collection accounts must be transferred to the CSCD district account within the time frames listed in Local Government Code 113.022. 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 expenditure over \$15,000 or 15% of the approved line item budgeted amount.

7. ACCOUNTS RECEIVABLE AND/OR PAYABLE AND/OR INTERFUND TRANSFER RECEIVABLE AND PAYABLE AT AUGUST 31, 2017

The accounts receivable consists of fees collected for the CSCD outstanding as of August 31, 2017. Accounts payable consists of miscellaneous operating expenses and refunds due to the State. Interfund receivable or payable balances at August 31, 2017 consisted of interest due from the County.

8. INTERFUND TRANSFERS

There were no interfund receivable 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 had no prior period adjustments that require disclosure.

13. REFUNDS

<u>Program</u>	<u>Amount</u>
Community Corrections Program	\$ 5,267
Diversion Program	17,130
Total	<u>\$ 22,397</u>

14. SUBSEQUENT EVENTS

Subsequent events were evaluated through February 26, 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

THIS PAGE LEFT BLANK INTENTIONALLY

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

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

BASIC SUPERVISION

FOR THE YEAR ENDED AUGUST 31, 2017

	Audit	Per CSCD Report	Difference
REVENUE			
State aid (prior to one time payment)	\$ 221,413	\$ 221,413	\$ -
One time payment (addition to state aid)	<u>6,413</u>	<u>6,413</u>	<u>-</u>
Total State Aid	<u>227,826</u>	<u>227,826</u>	<u>-</u>
State aid: SAFFP	1,650	1,650	-
Community supervision fees	421,555	421,555	-
Payments by program participants	49,549	49,549	-
Interest income	524	524	-
DHS Collections	348	348	-
Other revenue	<u>13</u>	<u>13</u>	<u>-</u>
Total Revenue	<u>701,465</u>	<u>701,465</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	632,241	632,241	-
Travel and furnished transportation	8,757	8,757	-
Contract services for offenders	1,937	1,937	-
Professional fees	4,986	4,986	-
Supplies and operating expenses	24,076	24,076	-
Utilities	5,573	5,573	-
Equipment	<u>20,004</u>	<u>20,004</u>	<u>-</u>
Total Expenditures	<u>697,574</u>	<u>697,574</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	3,891	3,891	-
PRIOR YEAR ENDING FUND BALANCE	<u>141,583</u>	<u>141,583</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ 145,474</u>	<u>\$ 145,474</u>	<u>\$ -</u>

THIS PAGE LEFT BLANK INTENTIONALLY

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

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

**COMMUNITY CORRECTIONS PROGRAM -
COMMUNITY SERVICE RESTITUTION**

FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 95,187	\$ 95,187	\$ -
Total Revenue	<u>95,187</u>	<u>95,187</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	69,373	69,373	-
Travel and furnished transportation	34,815	34,815	-
Professional fees	3,878	3,878	-
Supplies and operating expenses	633	633	-
Equipment	<u>3,598</u>	<u>3,598</u>	<u>-</u>
Total Expenditures	<u>112,297</u>	<u>112,297</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(17,110)	(17,110)	-
PRIOR YEAR ENDING FUND BALANCE	22,377	22,377	-
REFUND DUE TO TDCJ-CJAD	<u>(5,267)</u>	<u>(5,267)</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THIS PAGE LEFT BLANK INTENTIONALLY

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

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

**DIVERSION PROGRAM -
SEX OFFENDER COUNSELING**

FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 45,440	\$ 45,440	\$ -
Total Revenue	<u>45,440</u>	<u>45,440</u>	<u>-</u>
EXPENDITURES			
Salaries and fringe benefits	20,312	20,312	-
Contract services for offenders	17,540	17,540	-
Professional fees	340	340	-
Supplies and operating expenses	<u>206</u>	<u>206</u>	<u>-</u>
Total Expenditures	<u>38,398</u>	<u>38,398</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	7,042	7,042	-
PRIOR YEAR ENDING FUND BALANCE	8,922	8,922	-
REFUND DUE TO TDCJ-CJAD	<u>(15,964)</u>	<u>(15,964)</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THIS PAGE LEFT BLANK INTENTIONALLY

**UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

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

**DIVERSION PROGRAM
DRUG OFFENDER COUNSELING**

FOR THE YEAR ENDED AUGUST 31, 2017

	<u>Audit</u>	<u>Per CSCD Report</u>	<u>Difference</u>
REVENUE			
State aid	\$ 35,157	\$ 35,157	\$ -
Total Revenue	<u>35,157</u>	<u>35,157</u>	<u>-</u>
EXPENDITURES			
Contract services for offenders	34,425	34,425	-
Professional fees	<u>263</u>	<u>263</u>	<u>-</u>
Total Expenditures	<u>34,688</u>	<u>34,688</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	469	469	-
PRIOR YEAR ENDING FUND BALANCE	697	697	-
REFUND DUE TO TDCJ-CJAD	<u>(1,166)</u>	<u>(1,166)</u>	<u>-</u>
AUDITED YEAR ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THIS PAGE LEFT BLANK INTENTIONALLY

COMPLIANCE SECTION

THIS PAGE LEFT BLANK INTENTIONALLY



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

Upshur and Marion Counties Community
Supervision and Corrections Department
Upshur, 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 Upshur and Marion Counties 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 Upshur and Marion Counties Community Supervision and Corrections Department's financial statements, and have issued our report thereon dated February 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Upshur and Marion Counties 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 Upshur and Marion Counties Community Supervision and Corrections Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Upshur and Marion Counties 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 Upshur and Marion Counties Community Supervision and Corrections Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Upshur and Marion Counties 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 Upshur and Marion Counties Community Supervision and Corrections Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Upshur and Marion Counties Community Supervision and Corrections Department, others within the organization, and the Texas Department of Criminal Justice – Community Justice Assistance Division and is not intended to be and should not be used by anyone other than these specified parties.

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

Waco, Texas
February 26, 2018

**115th AND 276th JUDICIAL DISTRICT
UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED AUGUST 31, 2017

Findings:

None

**115th AND 276th JUDICIAL DISTRICT
UPSHUR AND MARION COUNTIES DEPARTMENT OF
COMMUNITY SUPERVISION AND CORRECTIONS**

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

FOR THE YEAR ENDED AUGUST 31, 2017

Findings:

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> </u>	<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.
2.	<u>YES</u>	<u> </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.
3.	<u>YES</u>	<u> </u>		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.
4.	<u>YES</u>	<u> </u>		Were purchasing laws, including required competitive bidding, followed as directed in accordance with the same procedures applicable to a county (Texas Local Government Code Section 140.003 and Chapter 262, <i>FMM</i> Purchasing)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
5.	<u> </u>	<u> </u>	<u>N/A</u>	Are expenditures that benefit both juveniles and adults prorated on an equitable basis? Is determination of the method of prorating such expenditures supported by adequate documentation, including an annual time study (<i>FMM</i> Multiple Positions & Dual Departments)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
6.	<u>YES</u>	<u> </u>	<u> </u>	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.
7.	<u>YES</u>	<u> </u>	<u> </u>	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.
8.	<u>YES</u>	<u> </u>	<u> </u>	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.

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. ___ ___ N/A

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?

10. YES ___

Is equipment physically inventoried annually and adequately supported with a TDCJ-CJAD Equipment Inventory Form as instructed in the Equipment Section of the *FMM*? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

11. YES ___

Is surplus equipment disposed of in accordance with TDCJ-CJAD guidelines (*FMM* Disposable Surplus of Property)? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

12. YES ___

Is there proper identification on motor vehicles that are issued exempt license plates (*FMM* 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.

13. YES ___

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.

14. ___ ___ N/A

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.

15. ___ ___ N/A

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.

16. ___ ___ 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.

17. ___ ___ N/A

FINANCIAL STATEMENTS

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.

18. 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.

19. ___ ___ 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.

20. N/A
 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.
21. NO
 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.
22. 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.
23. N/A
 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.
24. 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.
25. YES
 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.
26. NO
 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







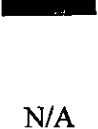



31. YES Does the CSCD have an existing policy on budget approval, operate by the policy, and the policy has been approved by the judges charged with oversight of the CSCD (Government Code, Section 76.002, and the Financial Management Manual for TDCJ-CJAD Funding (FMM Budgets)). If not, explain in the 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. NO 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.

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.

50. YES ___  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.
51. ___ NO  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.
52. ___ ___ N/A  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.
53. YES ___  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.
54. YES ___  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.
55. ___ NO  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.
56. ___ ___ N/A  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.
57. ___ NO  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.
58. ___ ___ N/A  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.
59. ___ NO  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.
60. ___ ___ N/A

61. NO [REDACTED] 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 [REDACTED] 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. YES [REDACTED] 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. YES [REDACTED] 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. YES [REDACTED] 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. YES [REDACTED] 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 [REDACTED] 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 [REDACTED] 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.
76. N/A 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.
77. NO 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.
78. N/A 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.

SCHEDULE OF DIFFERENCES

79. YES Are Revenues and Expenditures reported to TDCJ-CJAD in agreement with, or reconcilable to, the funding recipient's accounting records and with audited expenditures in each budget category? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
80. NO Were there any differences identified in the Schedule of Differences?
81. N/A 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.

COMPLIANCE AND OTHER MATTERS

82. NO 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.
83. 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.
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. NO 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.

FILED
TERRI ROSS
COUNTY CLERK
2900 MAR 29 AM 9:37
DEPUTY
DP SHUR
COUNTY, TX.