

**COLLIN COUNTY
COMMUNITY SUPERVISION AND
CORRECTIONS DEPARTMENT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

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

WITH INDEPENDENT AUDITORS' REPORT

**COLLIN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

YEAR ENDED AUGUST 31, 2016

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**COLLIN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

YEAR ENDED AUGUST 31, 2016

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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

Collin County Community
Supervision and Corrections Department
McKinney, Texas

Report on the Financial Statements

We have audited the accompanying combined statement of financial position as of August 31, 2016, the combined statement of revenue, expenditures and changes in fund balance, the combining statement of revenues, expenditures, and changes in fund balance – All Diversion Grant Program Funds, and the individual statements of revenue, expenditures and changes in fund balance – budget, actual, and variance for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise Collin County Community Supervision and Corrections Department (CSCD) basic financial statements, and have issued our report thereon dated February 23, 2017.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the combined statement of financial position as of August 31, 2016, and the combined statement of revenue, expenditures and changes in fund balance, the combining statement of revenues, expenditures, and changes in fund balance – All Diversion Grant Program Funds, and the individual statements of revenue, expenditures and changes in fund balance – budget, actual, and variance for the year ended August 31, 2016, and the related notes to the financial statements of Collin County Community Supervision and Corrections Department, in accordance with the financial reporting provisions of the TDCJ-CJAD as described in Note 1.

Basis of Accounting

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

Emphasis of Matter

As discussed in Note 1, the financial statements present the operations of the Collin County Community Supervision and Corrections Department only, and are not intended to present fairly the financial position of Collin 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 Collin 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 23, 2017, on our consideration of the Collin 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 Collin 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 Collin 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 23, 2017

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COMBINED FINANCIAL STATEMENTS

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**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

COMBINED STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2016

	Basic Supervision	Community Corrections	Diversion Programs	Treatment Alternative to Incarceration Program	Total
ASSETS					
Cash and Investments:					
Bank Balances	\$ 17,934	\$ 349,625	\$ 27,173	\$ 16,591	\$ 411,323
Time Deposits	2,796,820	-	-	-	2,796,820
Travel Advances	618	-	-	-	618
Misc. A/R - Restitution	975	-	-	-	975
Total Cash and Investments	<u>2,816,347</u>	<u>349,625</u>	<u>27,173</u>	<u>16,591</u>	<u>3,209,736</u>
Accounts Receivable:					
State Aid	3,110	-	-	-	3,110
Community Supervision Fees	280,968	-	-	-	280,968
Program Participation Fees	50,740	-	-	-	50,740
Other Receivables	125	-	-	-	125
Total Accounts Receivable	<u>334,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,943</u>
Total Assets	<u>3,151,290</u>	<u>349,625</u>	<u>27,173</u>	<u>16,591</u>	<u>3,544,679</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	<u>331,724</u>	<u>29,372</u>	<u>27,173</u>	<u>1,508</u>	<u>389,777</u>
Total Liabilities	<u>331,724</u>	<u>29,372</u>	<u>27,173</u>	<u>1,508</u>	<u>389,777</u>
Fund Balance	<u>2,819,566</u>	<u>320,253</u>	<u>-</u>	<u>15,083</u>	<u>3,154,902</u>
Total Liabilities and Fund Balance	<u>\$ 3,151,290</u>	<u>\$ 349,625</u>	<u>\$ 27,173</u>	<u>\$ 16,591</u>	<u>\$ 3,544,679</u>

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

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

FOR THE YEAR ENDED AUGUST 31, 2016

	Basic Supervision	Community Corrections	Diversion Programs	Treatment Alternative to Incarceration Program	Total
REVENUE					
State Aid	\$ 1,890,513	\$ 957,299	\$ 182,089	\$ 40,126	\$ 3,070,027
State Aid: SAFPF	17,708	-	-	-	17,708
Community Supervision Fees	3,296,629	-	-	-	3,296,629
Payments by Program Participants	656,802	-	-	-	656,802
Interest Income	13,096	-	-	-	13,096
Other Revenue	20,007	308	-	-	20,315
Total Revenue	<u>5,894,755</u>	<u>957,607</u>	<u>182,089</u>	<u>40,126</u>	<u>7,074,577</u>
EXPENDITURES					
Salaries and Fringe Benefits	5,052,869	160,153	396,318	-	5,609,340
Travel and Furnished Transportation	41,152	1,382	-	-	42,534
Contract Services for Offenders	594,487	249,936	29,345	25,928	899,696
Professional Fees	75,590	7,280	1,365	301	84,536
Supplies and Operating Expenses	113,942	3,699	-	-	117,641
Utilities	4,717	-	-	-	4,717
Equipment	53	-	-	-	53
Total Expenditures	<u>5,882,810</u>	<u>422,450</u>	<u>427,028</u>	<u>26,229</u>	<u>6,758,517</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	11,945	535,157	(244,939)	13,897	316,060
OTHER FINANCING SOURCES (USES)					
Transfer In	-	6,904	244,939	1,186	253,029
Transfer Out	(30,326)	(222,703)	-	-	(253,029)
Total Other Financing Sources (Uses)	<u>(30,326)</u>	<u>(215,799)</u>	<u>244,939</u>	<u>1,186</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2015	<u>2,835,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,835,728</u>
PRIOR PERIOD ADJUSTMENT	<u>2,219</u>	<u>895</u>	<u>-</u>	<u>-</u>	<u>3,114</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ 2,819,566</u>	<u>\$ 320,253</u>	<u>\$ -</u>	<u>\$ 15,083</u>	<u>\$ 3,154,902</u>

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

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

ALL DIVERSION GRANT PROGRAM FUNDS

FOR THE YEAR ENDED AUGUST 31, 2016

	Specialized Caseload- Mental Health Initiative	Specialized Caseload-Sex Offender	Specialized Caseload- Substance Abuse	Total
REVENUE				
State Aid	\$ 36,552	\$ 96,064	\$ 49,473	\$ 182,089
Total Revenue	<u>36,552</u>	<u>96,064</u>	<u>49,473</u>	<u>182,089</u>
EXPENDITURES				
Salaries and Fringe Benefits	125,540	104,690	166,088	396,318
Contract Services for Offenders	-	29,345	-	29,345
Professional Fees	274	720	371	1,365
Total Expenditures	<u>125,814</u>	<u>134,755</u>	<u>166,459</u>	<u>427,028</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(89,262)	(38,691)	(116,986)	(244,939)
OTHER FINANCING SOURCES (USES)				
Transfer In	89,262	38,691	116,986	244,939
Total Other Financing Sources (Uses)	<u>89,262</u>	<u>38,691</u>	<u>116,986</u>	<u>244,939</u>
FUND BALANCE, SEPTEMBER 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

BASIC SUPERVISION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State Aid	\$ 1,890,513	\$ 1,890,513	\$ -
State Aid: SAFPF	25,000	17,708	(7,292)
Community Supervision Fees	3,371,587	3,296,629	(74,958)
Payments by Program Participants	628,713	656,802	28,089
Interest Income	2,000	13,096	11,096
Other Revenue	1,005	20,007	19,002
Total Revenue	5,918,818	5,894,755	(24,063)
EXPENDITURES			
Salaries and Fringe Benefits	5,807,487	5,052,869	754,618
Travel and Furnished Transportation	268,995	41,152	227,843
Contract Services for Offenders	697,750	594,487	103,263
Professional Fees	613,879	75,590	538,289
Supplies and Operating Expenses	1,274,009	113,942	1,160,067
Utilities	5,800	4,717	1,083
Equipment	31,300	53	31,247
Total Expenditures	8,699,220	5,882,810	2,816,410
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(2,780,402)	11,945	2,792,347
OTHER FINANCING SOURCES (USES)			
Transfer Out	(55,326)	(30,326)	25,000
Total Other Financing Sources (Uses)	(55,326)	(30,326)	25,000
FUND BALANCE, SEPTEMBER 1, 2015	2,835,728	2,837,947	2,219
FUND BALANCE, AUGUST 31, 2016	\$ -	\$ 2,819,566	\$ 2,819,566

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

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**COMMUNITY CORRECTIONS PROGRAM
COMMUNITY CORRECTIONS FACILITY - SCORE**

FOR THE YEAR ENDED AUGUST 31, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State Aid	\$ 957,299	\$ 957,299	\$ -
Other revenue	-	308	308
Total Revenue	957,299	957,607	308
EXPENDITURES			
Salaries and Fringe Benefits	185,876	160,153	25,723
Travel and Furnished Transportation	7,500	1,382	6,118
Contract Services for Offenders	261,724	249,936	11,788
Professional Fees	13,180	7,280	5,900
Supplies and Operating Expenses	162,578	3,699	158,879
Total Expenditures	630,858	422,450	208,408
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	326,441	535,157	208,716
OTHER FINANCING SOURCES (USES)			
Transfer In	6,904	6,904	-
Transfer Out	(333,345)	(222,703)	110,642
Total Other Financing Sources (Uses)	(326,441)	(215,799)	110,642
FUND BALANCE, SEPTEMBER 1, 2015	-	895	895
FUND BALANCE, AUGUST 31, 2016	\$ -	\$ 320,253	\$ 320,253

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

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**DIVERSION GRANT PROGRAM
SPECIALIZED CASELOAD-MENTAL HEALTH INITIATIVE**

FOR THE YEAR ENDED AUGUST 31, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
State Aid	\$ 36,552	\$ 36,552	\$ -
Total Revenue	<u>36,552</u>	<u>36,552</u>	<u>-</u>
EXPENDITURES			
Salaries and Fringe Benefits	127,927	125,540	2,387
Travel and Furnished Transportation	3,110	-	3,110
Professional Fees	<u>274</u>	<u>274</u>	<u>-</u>
Total Expenditures	<u>131,311</u>	<u>125,814</u>	<u>5,497</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(94,759)	(89,262)	5,497
OTHER FINANCING SOURCES (USES)			
Transfer In	<u>94,759</u>	<u>89,262</u>	<u>(5,497)</u>
Total Other Financing Sources (Uses)	<u>94,759</u>	<u>89,262</u>	<u>(5,497)</u>
FUND BALANCE, SEPTEMBER 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**DIVERSION GRANT PROGRAM
SPECIALIZED CASELOAD-SEX OFFENDER**

FOR THE YEAR ENDED AUGUST 31, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State Aid	\$ 96,064	\$ 96,064	\$ -
Total Revenue	96,064	96,064	-
EXPENDITURES			
Salaries and Fringe Benefits	120,157	104,690	15,467
Travel and Furnished Transportation	17,740	-	17,740
Contract Services for Offenders	52,500	29,345	23,155
Professional Fees	720	720	-
Total Expenditures	191,117	134,755	56,362
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(95,053)	(38,691)	56,362
OTHER FINANCING SOURCES (USES)			
Transfer In	95,053	38,691	(56,362)
Total Other Financing Sources (Uses)	95,053	38,691	(56,362)
FUND BALANCE, SEPTEMBER 1, 2015	-	-	-
FUND BALANCE, AUGUST 31, 2016	\$ -	\$ -	\$ -

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

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**DIVERSION GRANT PROGRAM
SPECIALIZED CASELOAD-SUBSTANCE ABUSE**

FOR THE YEAR ENDED AUGUST 31, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE			
State Aid	\$ 49,473	\$ 49,473	\$ -
Total Revenue	<u>49,473</u>	<u>49,473</u>	<u>-</u>
 EXPENDITURES			
Salaries and Fringe Benefits	188,057	166,088	21,969
Professional Fees	<u>8,371</u>	<u>371</u>	<u>8,000</u>
Total Expenditures	<u>196,428</u>	<u>166,459</u>	<u>29,969</u>
 EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	 (146,955)	 (116,986)	 29,969
 OTHER FINANCING SOURCES (USES)			
Transfer In	<u>146,955</u>	<u>116,986</u>	<u>(29,969)</u>
Total Other Financing Sources (Uses)	<u>146,955</u>	<u>116,986</u>	<u>(29,969)</u>
 FUND BALANCE, SEPTEMBER 1, 2015	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE, AUGUST 31, 2016	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

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

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

TREATMENT ALTERNATIVE TO INCARCERATION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State Aid	\$ 40,126	\$ 40,126	\$ -
Total Revenue	40,126	40,126	-
EXPENDITURES			
Contract Services for Offenders	84,825	25,928	58,897
Professional Fees	301	301	-
Total Expenditures	85,126	26,229	58,897
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(45,000)	13,897	58,897
OTHER FINANCING SOURCES (USES)			
Transfer In	45,000	1,186	(43,814)
Total Other Financing Sources (Uses)	45,000	1,186	(43,814)
FUND BALANCE, SEPTEMBER 1, 2015	-	-	-
FUND BALANCE, AUGUST 31, 2016	\$ -	\$ 15,083	\$ 15,083

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

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**COLLIN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements include the revenue of the Collin 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, Treatment Alternatives to Incarceration Program Grant Funds, local fees collected for the use of the CSCD, and the expenditures of those funds.

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

The modified accrual basis of accounting is followed in that revenues are recorded when susceptible to accrual; i.e., earned, measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities for the current period. Revenues received by October 31, 2016 for financial activity performed by August 31, 2016, are considered available. Also purchases for which the commitment has been established by August 31, 2016, are considered liabilities regardless of whether possession of these goods has been received by August 31, 2016, provided that the liability purchase is received and is paid for by October 31, 2016. Exception to this method of accounting is the recording of refunds to the State as reductions of Fund Balance.

Funds of the Collin County CSCD are grouped into the agency fund type for the purpose of operation on the Collin County, Texas accounting system. Accounting agency funds are accounts established for deposit and disbursement of funds which are not controlled through the Collin 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 and by the Texas Department of Criminal Justice - Community Justice Assistance Division. Only budget adjustment requests, at year end, received by September 30, 2016 will be reviewed and approved/disapproved by TDCJ-CJAD. TDCJ-CJAD will not accept any budget adjustments after September 30, 2016 for the previous fiscal year. Only budget adjustments approved by TDCJ-CJAD should be referred to in performing the financial audit.

Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized. All encumbrances not liquidated by October 31, 2016 became part of the subsequent year's budget.

Compensated Absences

The CSCD's permanent, fulltime employees accrue 7.39 hours of paid time off (PTO) per pay period (biweekly) from date of employment to four years of service; 8.31 hours per pay period from 5 years to 9 years of service; 9.23 hours per pay period from 10 to 19 years of service; and 10.15 hours per pay period for 20 plus years of continuous employment. The maximum accrual is 200, 240, 320, and 400 hours of PTO for the respective accrual categories specified. Upon termination from the CSCD, an employee is entitled to payment for the total accrued hours as long as they have completed at least one year of continuous service. A liability for vacation pay and compensatory time is not reported in these financial statements. The CSCD's balance of earned but unused compensated absences as of August 31, 2016, was \$447,756.

2. FUNDING SOURCES – STATE AID

Basic Supervision Funds

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 (DP) Grant Funds

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

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

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

High/Medium Reduction Caseload Funding: Appropriations of the High/Medium Reduction Caseload funding are allocated by TDCJ-CJAD through the DP line item but are budgeted and reported by CSCD's as State aid under Basic Supervision.

Treatment Alternative to Incarceration Programs (TAIP) Grant Funds

The Treatment Alternative to Incarceration Program provides a continuum of substance abuse treatment services and accountability programming for individual offenders, subject to TAIP funding and guidelines. Services include assessment, screening, and referral to treatment services.

3. FUNDS COLLECTED BY THE CSCD FROM SOURCES OTHER THAN TDCJ-CJAD WHICH ARE REQUIRED TO BE REPORTED ON THE TDCJ-CJAD QUARTERLY FINANCIAL REPORTS (community supervision fees collected, program participation fees collected, county contributions, donations, interest, commissions, etc.)

The Department utilized the following funds collected from sources other than TDCJ-CJAD which are required to be reported for the year ended August 31, 2016:

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions
Community Supervision Fees	\$ 3,296,629	Financial Management Manual for TDCJ-CJAD Funding restrictions	Yes
Payments by Program Participants	656,802	Financial Management Manual for TDCJ-CJAD Funding restrictions	Yes
Interest Income	13,096	Funding restrictions	Yes
Administrative Fees, Welfare Restitution, Subpoena, and 5% Collection Fees	20,007	Financial Management Manual for TDCJ-CJAD Funding restrictions	Yes

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

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

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

Source	Amount Received	Restrictions for Use	Expended in Accordance with Restrictions	Fund Balance at August 31, 2016
Victim restitution	\$ 1,573,794	Government Code 76.013, paid directly to victim within certain timelines	Yes	\$ -
Bond Supervision	254,535	Article 17.40 of the Code of Criminal Procedure\State Bill (SB) 880 in the 82nd Legislature Paid directly to County Treasurer	Yes	-
Children's Advocacy Center	595	Treasurer	Yes	-
Crimestoppers	123,469	Paid directly to Crimestoppers	Yes	-
Supervision Fee for Sex Offenders	6,326	Article 42.12, Section 19 (f) of the Code of Criminal Procedure	Yes	-
Attorney fees	3,580	Local Government Code, Chapter 113, Section 113.022	Yes	-
Court costs	13,098	Local Government Code, Chapter 113, Section 113.023	Yes	-
Fines	23,473	Local Government Code, Chapter 113, Section 113.024	Yes	-
Women's Shelter Donation Fee	4,725	Code of Criminal Procedure, Article 42.12, Section 11(h)	Yes	-
Domestic Violence Fee	1,505	Code of Criminal Procedure, Article 42.12, Section 11(h)	Yes	-
Deferred Prosecution	139,890	Local Government Code, Chapter 113, Section 113.023	Yes	-
Forgery	225	Local Government Code, Chapter 113, Section 113.023	Yes	-
Sheriff Service Fee	1,746	Local Government Code, Chapter 113, Section 113.023	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 County Treasurer 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. (Government Code 509.011 (c) and local Government Code 140.003 (f)).

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 excess expenditures over \$15,000 or 15% of the approved line item budgeted amount.

7. ACCOUNTS RECEIVABLES AND / OR PAYABLES AS STATED ON THE COMBINED STATEMENT OF FINANCIAL POSITION AS OF AUGUST 31, 2016

Accounts receivable consists of state aid, supervision fees, program participation fees, and interest due to the Department. The receivable balances at August 31, 2016 are described in the table below.

State Aid	\$ 3,110
Supervision Fees	280,968
Program Participant Fees	50,740
Other - Interest	<u>125</u>
	<u>\$ 334,943</u>

The accounts payable consists of payments to vendors for services or supplies outstanding as of August 31, 2016. The payable balances at August 31, 2016 are described in the table below.

Accrued Salaries and Benefits	\$ 319,716
Travel	2,082
Consultants	63,112
Professional Fees	558
Supplies	<u>4,308</u>
	<u>\$ 389,776</u>

8. INTERFUND TRANSFERS

Basic Supervision transfers out were made to distribute the 2016 Dedicated Salary Grant Increases award amounts received each quarter to programs indicated below. Community Corrections Program transfers out were made to cover any fund besides Basic Supervision that had a negative fund balance at the end of any quarter.

Transfer Out:	Transfers In:				Total
	Basic Supervision	Community Corrections	Diversion Programs	Treatment Alternative to Incarceration	
Basic Supervision	\$ -	\$ 6,904	\$ 23,422	\$ -	\$ 30,326
Community Corrections Program	-	-	221,517	1,186	222,703
Total	\$ -	\$ 6,904	\$ 244,939	\$ 1,186	\$ 253,029

9. VENDOR CONTRACTS FOR OFFENDER SERVICES

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

	<u>August 31, 2016</u>
Treatment Assessment Screening Center, Inc.	\$ 485,000
Collin County Sheriff's Office - SCORE	<u>202,077</u>
	\$ <u>687,077</u>

10. COMMITMENTS AND CONTINGENCIES

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

11. PRIOR PERIOD ADJUSTMENTS

A Prior Period Adjustment increase in the amount of \$2,218.77 was required to the reported 4th Quarter Fiscal Year 2016 QFR fund balance for Investment Revenue Earned, but unreported, in Fiscal Year 2015. The new investment revenue account created in the Fiscal Year 2015 general ledger fell outside the normal account range used for running revenue activity reports, and this wasn't discovered until Fiscal Year 2016.

A properly filed revised 4th Quarter Fiscal Year 2015 QFR reduced Community Correction's initially reported 4th Quarter Fiscal Year 2015 ending fund balance. A Prior Period Adjustment increase of \$895.00 to reported fund balance was required to account for TDCJ-CJAD's return in Fiscal Year 2016 of the overpaid portion of CCP's Fiscal Year 2015 biennium end fund balance.

12. REFUNDS

The Department did not have a refund in fiscal year 2016.

13. SUBSEQUENT EVENTS

The Department has no subsequent events that require disclosure.

14. OTHER

The Department has no other events that require disclosure.

SUPPLEMENTARY INFORMATION

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**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

BASIC SUPERVISION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2016

	<u>Audit</u>	<u>Per CSCD Quarterly Report</u>	<u>Difference</u>
REVENUE			
State Aid	\$ 1,890,513	\$ 1,890,513	\$ -
State aid: SAFPF	17,708	17,708	-
Community Supervision Fees	3,296,629	3,296,629	-
Payments by Program Participants	656,802	656,802	-
Interest Income	13,096	13,096	-
Other Revenue	<u>20,007</u>	<u>20,007</u>	<u>-</u>
Total Revenue	<u>5,894,755</u>	<u>5,894,755</u>	<u>-</u>
EXPENDITURES			
Salaries and Fringe Benefits	5,052,869	5,052,869	-
Travel and Furnished Transportation	41,152	41,152	-
Contract Services for Offenders	594,487	594,487	-
Professional Fees	75,590	75,590	-
Supplies and Operating Expenses	113,942	113,942	-
Utilities	4,717	4,717	-
Equipment	<u>53</u>	<u>53</u>	<u>-</u>
Total Expenditures	<u>5,882,810</u>	<u>5,882,810</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	11,945	11,945	-
OTHER FINANCING SOURCES (USES)			
Transfer Out	<u>(30,326)</u>	<u>(30,326)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(30,326)</u>	<u>(30,326)</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2015	<u>2,837,947</u>	<u>2,837,947</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ 2,819,566</u>	<u>\$ 2,819,566</u>	<u>\$ -</u>

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**COMMUNITY CORRECTIONS PROGRAM
COMMUNITY CORRECTIONS FACILITY - SCORE**

FOR THE YEAR ENDED AUGUST 31, 2016

	<u>Audit</u>	<u>Per CSCD Quarterly Report</u>	<u>Difference</u>
REVENUE			
State Aid	\$ 957,299	\$ 957,299	\$ -
Other revenue	308	308	-
Total Revenue	<u>957,607</u>	<u>957,607</u>	<u>-</u>
EXPENDITURES			
Salaries and Fringe Benefits	160,153	160,153	-
Travel and Furnished Transportation	1,382	1,382	-
Contract Services for Offenders	249,936	249,936	-
Professional Fees	7,280	7,280	-
Supplies and Operating Expenses	3,699	3,699	-
Total Expenditures	<u>422,450</u>	<u>422,450</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	535,157	535,157	-
OTHER FINANCING SOURCES (USES)			
Transfer In	6,904	6,904	
Transfer Out	(222,703)	(222,703)	-
Total Other Financing Sources (Uses)	<u>(215,799)</u>	<u>(215,799)</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2015	<u>895</u>	<u>895</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ 320,253</u>	<u>\$ 320,253</u>	<u>\$ -</u>

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**DIVERSION GRANT PROGRAM
SPECIALIZED CASELOAD-MENTAL HEALTH INITIATIVE**

FOR THE YEAR ENDED AUGUST 31, 2016

	Audit	Per CSCD Quarterly Report	Difference
REVENUE			
State Aid	\$ 36,552	\$ 36,552	\$ -
Total Revenue	<u>36,552</u>	<u>36,552</u>	<u>-</u>
EXPENDITURES			
Salaries and Fringe Benefits	125,540	125,540	-
Professional fees	<u>274</u>	<u>274</u>	<u>-</u>
Total Expenditures	<u>125,814</u>	<u>125,814</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(89,262)	(89,262)	-
OTHER FINANCING SOURCES (USES)			
Transfer In	<u>89,262</u>	<u>89,262</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>89,262</u>	<u>89,262</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**DIVERSION GRANT PROGRAM
SPECIALIZED CASELOAD-SEX OFFENDER**

FOR THE YEAR ENDED AUGUST 31, 2016

	<u>Audit</u>	<u>Per CSCD Quarterly Report</u>	<u>Difference</u>
REVENUE			
State Aid	\$ 96,064	\$ 96,064	\$ -
Total Revenue	<u>96,064</u>	<u>96,064</u>	<u>-</u>
EXPENDITURES			
Salaries and Fringe Benefits	104,690	104,690	-
Contract Services for Offenders	29,345	29,345	-
Professional Fees	<u>720</u>	<u>720</u>	<u>-</u>
Total Expenditures	<u>134,755</u>	<u>134,755</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(38,691)	(38,691)	-
OTHER FINANCING SOURCES (USES)			
Transfer In	<u>38,691</u>	<u>38,691</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>38,691</u>	<u>38,691</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

**DIVERSION GRANT PROGRAM
SPECIALIZED CASELOAD-SUBSTANCE ABUSE**

FOR THE YEAR ENDED AUGUST 31, 2016

	Audit	Per CSCD Quarterly Report	Difference
REVENUE			
State Aid	\$ 49,473	\$ 49,473	\$ -
Total Revenue	<u>49,473</u>	<u>49,473</u>	<u>-</u>
EXPENDITURES			
Salaries and Fringe Benefits	166,088	166,088	-
Professional Fees	<u>371</u>	<u>371</u>	-
Total Expenditures	<u>166,459</u>	<u>166,459</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(116,986)	(116,986)	-
OTHER FINANCING SOURCES (USES)			
Transfer In	<u>116,986</u>	<u>116,986</u>	-
Total Other Financing Sources (Uses)	<u>116,986</u>	<u>116,986</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**COLLIN COUNTY COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

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

TREATMENT ALTERNATIVE TO INCARCERATION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2016

	Audit	Per CSCD Quarterly Report	Difference
REVENUE			
State Aid	\$ 40,126	\$ 40,126	\$ -
Total Revenue	<u>40,126</u>	<u>40,126</u>	<u>-</u>
EXPENDITURES			
Contract Services for Offenders	25,928	25,928	-
Professional Fees	<u>301</u>	<u>301</u>	<u>-</u>
Total Expenditures	<u>26,229</u>	<u>26,229</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	13,897	13,897	-
OTHER FINANCING SOURCES (USES)			
Transfer In	<u>1,186</u>	<u>1,186</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,186</u>	<u>1,186</u>	<u>-</u>
FUND BALANCE, SEPTEMBER 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, AUGUST 31, 2016	<u>\$ 15,083</u>	<u>\$ 15,083</u>	<u>\$ -</u>

COMPLIANCE SECTION

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

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 FOR COLLIN COUNTY COMMUNITY SUPERVISION AND CORRECTIONS DEPARTMENT, COLLIN COUNTY, TEXAS

Collin County Community
Supervision and Corrections Department
Collin County, 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 Collin County Community Supervision and Corrections Department, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the Collin County Community Supervision and Corrections Department's basic financial statements, and have issued our report thereon dated February 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Collin County Community Supervision and Corrections Department's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Collin County Community Supervision and Corrections Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Collin County Community Supervision and Corrections Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Collin County Community Supervision and Corrections Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 Collin 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 23, 2017

**COLLIN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2016

Findings:

There were no findings or questioned costs for the year ended August 31, 2016.

**COLLIN COUNTY
COMMUNITY SUPERVISION
AND CORRECTIONS DEPARTMENT**

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2016

Finding No. 2015-1

Affected Grants: Community Corrections Program: Community Corrections Facility – SCORE
Diversion Grant Program: Specialized Caseload - Mental Health Initiative
Diversion Grant Program: Specialized Caseload - Substance Abuse

Condition: For the grant programs listed above, the department reported certain expenditures to TDCJ-CJAD in an incorrect line item. The classification was correct in Collin County CSCD’s accounting records. It was incorrect in the reports filed with TDCJ-CJAD.

Current Status: The 4th quarter was amended to report the expenditures in the correct line item. The expenditures were recorded correctly on the general ledger. The only corrections needed were those on the 4th quarter reports to TDCJ-CJAD.

Fiscal Year 2016 TDCJ-CJAD Compliance Checklist

Indicate whether these compliance requirements have been met by answering “Yes,” “No,” or “NA” (Not Applicable): (Note: The first eighteen (18) checklist items are to be answered “Yes” or “No” only.)

	YES	NO	N/A	
1.	<u>YES</u>	<input type="checkbox"/>		Is separate accountability maintained for TDCJ-CJAD funds; i.e., fund accounting of self-balancing funds? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
2.	<u>YES</u>	<input type="checkbox"/>		Are Revenues and Expenditures reported to TDCJ-CJAD in agreement with, or reconcilable to, the funding recipient’s accounting records and with audited expenditures in each budget category? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
3.	<u>YES</u>	<input type="checkbox"/>		Are TDCJ-CJAD funds and locally generated revenues expended in accordance with the <i>Financial Management Manual for TDCJ-CJAD Funding (FMM)</i> , TDCJ-CJAD Standards, TDCJ-CJAD Field Correspondence, TDCJ-CJAD Policy Statements, Standard and Special Grant Conditions, and applicable laws? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
4.	<u>YES</u>	<input type="checkbox"/>		Are proper cutoff procedures observed at the end of each fiscal period? The cutoff date for revenues recognition and expenditures payments of FY 2016 is October 31, 2016 .
5.	<u>YES</u>	<input type="checkbox"/>		Is the modified accrual basis of accounting used in preparing the fourth quarter reports for submission to TDCJ-CJAD? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
6.	<input type="checkbox"/>	<u>NO</u>		Are any TDCJ-CJAD funds used to pay judges’ salaries (unless specifically approved by TDCJ-CJAD in a Program Budget; i.e., DWI Courts), community justice council members’ salaries, or other court-related expenses? If any of these salaries or expenses are paid, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
7.	<u>YES</u>	<input type="checkbox"/>		Are expenditures and revenues supported by adequate documentation? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
8.	<u>YES</u>	<input type="checkbox"/>		Are all employees with access to funds covered by a surety bond? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
9.	<u>YES</u>	<input type="checkbox"/>		Does the CSCD have an existing policy on budget approval, operate by the policy, and the policy has been approved by the judges charged with oversight of the CSCD (Government Code, Section 76.002, and the <i>Financial Management Manual for TDCJ-CJAD Funding (FMM)</i> Pages 8-10)). If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
10.	<u>YES</u>	<input type="checkbox"/>		Are all of the CSCD’s funds and collections deposited in the county treasury (county’s bank account)? (<i>FMM</i> Pages 7-8; Government Code, Section 509.011; Local Government Code, Section 140.003 (f); and Attorney General’s Opinion DM-257, dated September 15, 1993) If not, explain in the Notes to the Financial Statements and include in the Schedule of Findings and Questioned Costs.
11.	<u>YES</u>	<input type="checkbox"/>		Are all of the CSCD’s funds and collections disbursed by the county treasurer on behalf of the CSCD? (<i>FMM</i> Pages 7-8; Government Code, Section 509.011; Local

- Government Code, Section 140.003 (f); and Attorney General’s Opinion DM-257, dated September 15, 1993) If not, explain in the Notes to the Financial Statements and include in the Schedule of Findings and Questioned Costs.
- Are all of the CSCD’s funds and collections deposited in the county treasury (county’s bank account) within the time period required by Local Government Code 113.022? (*FMM* Pages 7-8) If not, explain in the Notes to the Financial Statements and include in the Schedule of Findings and Questioned Costs.
12. YES ___
- Did the Fiscal Officer follow the applicable laws, guidelines, and duties as specified on Pages 34-38 of the *Financial Management Manual for TDCJ-CJAD Funding*? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
13. YES ___
- Were purchasing laws, including required competitive bidding, followed as directed in accordance with the same procedures applicable to a county? (Texas Local Government Code Section 140.003 and Chapter 262, *FMM* Pages 39-40) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
14. YES ___
- Were there any instances of fraud, non-compliance, waste, or abuse noted by the auditor (Chapter 4, Item 4.25 *Government Auditing Standards*)? If yes, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
15. ___ NO
- Are locally generated funds, and other collections, documented with a proper receipt system, and can they be traced to probationers’ accounts, bank deposits and statements? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
16. YES ___
- Is equipment physically inventoried and adequately supported with an inventory form? If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
17. YES ___
- Is surplus equipment disposed of in accordance with TDCJ-CJAD guidelines? (*FMM* Page 27-28) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
18. YES ___
- Was an explanation given in the Schedule of Differences for any changes or adjustments that were made to Revenues and Expenditures (by either the CSCD or the Independent Auditor) that adjusted the previous amounts reported to TDCJ-CJAD? If not, explain in the Schedule of Differences, Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
19. ___ ___ N/A
- Are expenditures that benefit both juveniles and adults prorated on an equitable basis? Is determination of the method of prorating such expenditures supported by adequate documentation, including an annual time study? (*FMM* Pages 28-29) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
20. ___ ___ N/A
- If the CSCD determines that an increase or decrease in revenue or expenditures is required, were budget adjustments submitted to TDCJ-CJAD, **by September 30, 2016**, and in accordance with the *Financial Management Manual for TDCJ-CJAD Funding*? (*FMM* Pages 8-10) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
21. YES ___ ___
- Are all non-TDCJ-CJAD funded program fees expended in accordance with applicable limitations; i.e., civil fees, Federal grants, bond fees, sex offender fees, crime victims compensation fund fees, etc.? If not, explain in the Notes to the
22. YES ___ ___

Financial Statements or in the Schedule of Findings and Questioned Costs.

23. YES ___ ___
Are Victim Restitution Funds accounted for in accordance with Texas Government Code, Section 76.013, and are unclaimed funds tracked for the required five-year period prior to sending to the State Comptroller? (*FMM* Page 31) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
24. YES ___ ___
Have TDCJ-CJAD policies regarding contracts with vendors been followed, which includes maintaining a Contract Monitoring Plan (policy) to monitor vendor payments and compliance with contracts? (*CMM* and Pages 13-14 of these Guidelines) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
25. YES ___ ___
Does the CSCD have a policy regarding eligibility for employee salary merit increases, if merit or one-time increases are given? (*FMM* Page 50) If such increases are given without a written policy, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
26. YES ___ ___
If a Judge allows an offender to pay a fee or donate goods to a local food bank or food pantry in the community in which the defendant resides or another nonprofit organization that: (A) has a 501 (a) IRS exemption as listed in Section 501 (c) (3) of that code and (B) provides services or assistance to needy individuals and families in the community in which the defendant resides in lieu of performing community service restitution (CSR) work hours, does the CSCD have a written **CSR Policy** stating that fact? (As amended in Section 16 (f), Article 42.12, Code of Criminal Procedure) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings of Questioned Costs.
27. ___ ___ N/A
Are petty cash funds (not change funds) authorized by the county auditor or fiscal officer? (*FMM*, Pages 8, 21-22, 27 and 38) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
28. ___ ___ N/A
Are petty cash funds used only for specific purposes for allowable items as listed in the *Financial Management Manual for TDCJ-CJAD Funding* and expended only for emergency situations authorized by a written policy and approved by the CSCD director? (*FMM*, Pages 8, 21-22, 27 and 38) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
29. YES ___ ___
If a CSCD employee (or more than one employee where cumulative time is not over 10% of one full-time equivalent position) spends no more than 10% of his/her time on the Bond/Other Supervision Program activities (Pre-Trial Bond, Surety Bond, Bail etc.), separation of expenses is considered immaterial and is not required. However, all revenue generated from these fees must be accounted for separately in a local budget. Is this being properly captured? (*FMM* Pages 23, 32 and TDCJ-CJAD Policy Statement No. CJAD-PS-09) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
30. ___ ___ N/A
With prior TDCJ-CJAD approval, CSCDs may use Basic Supervision, CC, DP, or TAIP funds as required cash matching for grants from other governmental agencies, non-profit organizations, or private foundations, etc., for the purpose of expanding an existing program. Was cash matching properly authorized, budgeted, and expended? (*FMM* Pages 24-25) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.
31. YES ___ ___
The Texas Code of Criminal Procedure, Article 42.12, Section 19 (e) requires as a condition of probation that certain sex offenders pay \$5.00 per month during the period of supervision. These fees are in addition to court costs or any other fee

imposed on the offender as court ordered. Are these fees collected and accounted for by the CSCD and remitted to the State Comptroller? (*FMM* Pages 30-31) If fees are collected, include them in the Note to the Financial Statements for funds not required to be budgeted. If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

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

32. ___ ___ N/A

Were pretrial diversion/intervention fees properly collected and accounted for as payments by program participants or as community supervision fees? (*FMM* Pages 31-32, Government Code, Section 76.015 (c), Texas Code of Criminal Procedure, Article 102.012) If not, explain in the Notes to the Financial Statements or in the Schedule of Findings and Questioned Costs.

33. YES ___ ___

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

34. YES ___ ___

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

35. YES ___ ___

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

36. YES ___ ___

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

37. YES ___ ___

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

38. YES ___ ___