

**TEXAS COMMISSION ON
JAIL STANDARDS**



ANNUAL FINANCIAL REPORT
For The Year Ended August 31, 2015

Brandon Wood
Executive Director

TEXAS COMMISSION ON JAIL STANDARDS

EXECUTIVE DIRECTOR
Brandon Wood



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November 20, 2015

Honorable Greg Abbott, Governor
Honorable Glenn Hegar, Texas Comptroller
Ursula Parks, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Dear Lady and Gentlemen:

We are pleased to submit the Annual Financial Report of the Texas Commission on Jail Standards for the year ended August 31, 2015, in compliance with TEX. GOV'T CODE ANN Section 2101.011 and in accordance with the requirements established by the Comptroller of Public Accounts.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Rodney Valls at 512-463-8087.

Sincerely,


Brandon Wood
Executive Director
Texas Commission on Jail Standards

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TEXAS COMMISSION ON JAIL STANDARDS (409)
 EXHIBIT I
 COMBINED BALANCE SHEET/ STATEMENT OF NET ASSETS -
 GOVERNMENTAL FUNDS
 For the Year Ended August 31, 2015

	<u>GOVERNMENTAL FUND TYPES GENERAL FUNDS FD 0001 U/F FD 0001</u>	<u>CAPITAL ASSETS ADJUSTMENTS</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents		
Cash on Hand	\$ 25.00	\$
Cash in Bank	0.00	
Legislative Appropriations	156,485.64	
Due From Other Agencies (Agy 300, Fd 6811)	0.00	
Consumable Inventories	<u>16,399.44</u>	
Total Current Assets	<u>172,910.08</u>	<u>0.00</u>
Non-Current Assets:		
Capital Assets:		
Depreciable		
Furniture and Equipment	\$	\$ 33,445.23
Less Accumulated Depreciation		<u>(33,445.23)</u>
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>
TOTAL ASSETS	<u><u>\$ 172,910.08</u></u>	<u><u>\$ 0.00</u></u>
 LIABILITIES		
Current Liabilities:		
Payables from :		
Accounts Payable	\$ 2,586.14	\$
Payroll Payable	138,140.99	
Interest Payable		
Employees' Compensable Leave		
Capital Lease Obligations		
Total Current Liabilities	<u>140,727.13</u>	<u>0.00</u>
Non-Current Liabilities:		
Employees' Compensable Leave		
Capital Lease Obligations		
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>
TOTAL LIABILITIES	<u>140,727.13</u>	<u>0.00</u>

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<u>LONG-TERM LIABILITIES ADJUSTMENTS</u>	<u>OTHER ADJUSTMENTS</u>	<u>STATEMENT OF NET ASSETS</u>
\$	\$	\$
		25.00
		0.00
		156,485.64
		0.00
		16,399.44
<hr/>	<hr/>	<hr/>
0.00	0.00	172,910.08
<hr/>	<hr/>	<hr/>
\$	\$	\$
		33,445.23
		(33,445.23)
<hr/>	<hr/>	<hr/>
0.00	0.00	0.00
<hr/>	<hr/>	<hr/>
\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>172,910.08</u>
<hr/>	<hr/>	<hr/>
\$	\$	\$
		2,586.14
		138,140.99
		0.00
46,238.92		46,238.92
0.00		0.00
<hr/>	<hr/>	<hr/>
46,238.92	0.00	186,966.05
<hr/>	<hr/>	<hr/>
43,545.09		43,545.09
0.00		0.00
<hr/>	<hr/>	<hr/>
43,545.09	0.00	43,545.09
<hr/>	<hr/>	<hr/>
89,784.01	0.00	230,511.14
<hr/>	<hr/>	<hr/>

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TEXAS COMMISSION ON JAIL STANDARDS (409)
 EXHIBIT I
 COMBINED BALANCE SHEET/ STATEMENT OF NET ASSETS -
 GOVERNMENTAL FUNDS
 For the Year Ended August 31, 2015

	GOVERNMENTAL FUND TYPES GENERAL FUNDS FD 0001 U/F FD 0001	CAPITAL ASSETS ADJUSTMENTS
Fund Financial Statements - Fund		
FUND BALANCES (DEFICITS):		
Reserved For:	\$	\$
Encumbrances	242.18	
Consumable Inventories	16,399.44	
Imprest Accounts	25.00	
Unreserved:		
Undesignated:	0.00	
Other Unreserved - Undesignated	0.00	0.00
TOTAL FUND BALANCES	16,666.62	0.00
TOTAL LIABILITIES AND FUND BALANCES	\$ 157,393.75	\$ 0.00
Government-wide Statement - Net Assets		
Net Assets:		
Invested in Capital Assets, Net of Related Debt		0.00
Restricted for:		
Debt Retirement		
Employee Benefit		
Unrestricted		0.00
Total Net Assets		\$ 0.00

The accompanying notes to the financial statements are an integral part of this statement.

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<u>LONG-TERM LIABILITIES ADJUSTMENTS</u>	<u>OTHER ADJUSTMENTS</u>	<u>STATEMENT OF NET ASSETS</u>
\$	\$	\$
		242.18
		16,399.44
		25.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>16,666.62</u>
\$ <u>89,784.01</u>	\$ <u>0.00</u>	\$ <u>247,177.76</u>
		0.00
		0.00
		0.00
<u>(89,784.01)</u>	<u>0.00</u>	<u>(89,784.01)</u>
\$ <u>(89,784.01)</u>	\$ <u>0.00</u>	\$ <u>(73,117.39)</u>
		\$ <u>157,393.75</u>

UNAUDITED

TEXAS COMMISSION ON JAIL STANDARDS (409)
 EXHIBIT II
 COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES/
 STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
 For the Year Ended August 31, 2015

	General Funds FUND 0001 U/F (0001)	Capital Asset Adjustments
REVENUES:	\$	\$
Legislative Appropriations		
Original Appropriations	892,988.00	
Additional Appropriations	212,812.81	
Federal Pass-Through Revenues	0.00	
Licenses and Permits	20,399.07	
Sales of Goods and Services	435.00	
 Total Revenues	 1,126,634.88	 0.00
EXPENDITURES:		
Salaries and Wages	776,467.20	
Payroll Related Costs	221,939.46	
Professional Fees & Services	0.00	
Travel	96,551.47	
Materials and Supplies	17,603.08	
Communication and Utilities	14,514.56	
Repairs and Maintenance	0.00	
Rentals and Leases	22,950.69	
Printing and Reproduction	190.62	
Other Operating Expenditures	6,688.14	
Debt Service -		
Principal	0.00	
Depreciation Expense		0.00
 Total Expenditures	 1,156,905.22	 0.00
EXCESS OF REVENUES OVER EXPENDITURES	(30,270.34)	0.00
OTHER FINANCING SOURCES (USES):	50,033.52	
	0.00	
 Total Other Financing Sources (Uses)	 50,033.52	 0.00
 NET CHANGE IN FUND BALANCES/NET ASSETS	 <u>19,763.18</u>	 <u>0.00</u>
FUND BALANCES - Beginning	69,173.23	
Lapsed Appropriations	7,637.18	
 FUND BALANCES - Ending	 <u>\$ 96,573.59</u>	

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Long-term Liabilities Adjustments	Statement of Activities
\$	\$
	892,988.00
	212,812.81
	0.00
	20,399.07
	435.00
0.00	1,126,634.88
(7,790.86)	768,676.34
	221,939.46
	0.00
	96,551.47
	17,603.08
	14,514.56
	0.00
	22,950.69
	190.62
	6,688.14
	0.00
	0.00
	0.00
(7,790.86)	1,149,114.36
7,790.86	(22,479.48)
	50,033.52
	0.00
0.00	50,033.52
<u>7,790.86</u>	<u>27,554.04</u>
	\$ 69,173.23
	<u>7,637.18</u>
	\$ <u><u>104,364.45</u></u>

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TEXAS COMMISSION ON JAIL STANDARDS (409)
 EXHIBIT II
 COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES/
 STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
 For the Year Ended August 31, 2015

	General Funds FUND 0001 U/F (0001)	Capital Asset Adjustments
Government-wide Statement - Net Assets		
Change in Net Assets		0.00
Net Assets Beginning		
Adjustments to Beginning Net Assets Restatement		0.00
Net Assets Beginning as Restated and Adjusted		0.00
Net Assets Ending	\$	0.00

The accompanying notes to the financial statements are an integral part of this statement.

note: LTL adjustment in salaries and wages due to difference in beginning balance of report 574 vs. LTLN system.
 Adjustment made to LTLN system in effort to match beginning balance of USPS report 574.
 Several employees were separated from agency on 8/31, an adjustment has been made to account for these actions.

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<u>Long-term Liabilities Adjustments</u>	<u>Statement of Activities</u>
<u>7,790.86</u>	
\$ 81,993.15	\$ 81,993.15
<u>0.00</u>	<u>0.00</u>
<u>81,993.15</u>	<u>81,993.15</u>
\$ <u>89,784.01</u>	\$ <u>186,357.60</u>

**TEXAS COMMISSION ON JAIL STANDARDS (409)
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ENTITY

Texas Commission on Jail Standards is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the State Comptroller of Public Accounts' Reporting Requirements of State Agencies.

The Commission on Jail Standards was created by the Legislature in 1975. The Commission on Jail Standards provides policy direction. An Executive Director, appointed by the Commission, directs the administration of the Commission. The functions and responsibilities of the Commission on Jail Standards are described in the Addendum of this report.

Due to the significant changes related to Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, the Comptroller of Public Accounts does not require the accompanying financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

Blended Component Units

No component units have been identified which should have been blended into an appropriate fund.

B. FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds and account groups, each of which is considered a separate accounting entity.

GOVERNMENTAL FUND TYPES & GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Fund

The general fund is used to account for all financial resources of the state except those required to be accounted for in another fund.

Capital Asset Adjustment Fund Type

Capital Asset Adjustment Fund Type will be used to convert governmental fund types' capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

Long-Term Liabilities Adjustment Fund Type will be used to convert governmental fund types' debt from modified accrual to full accrual.

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FIDUCIARY FUND TYPES

Agency Funds

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

C. BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified basis of accrual. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual method of accounting. This includes unpaid Employee Compensable leave, the unmatured debt service (principal and interest) on general long-term liabilities, long-term capital leases, and long-term claims and judgments. The activity will be recognized in these new fund types.

D. BUDGETS AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act).

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

E. ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS

ASSETS

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements.

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Inventories

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. Inventories for governmental fund types use the purchase method of accounting. The consumption method of accounting is used to account for inventories that appear in the proprietary fund types and the government-wide statements. The cost of these items is expensed when the items are consumed.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year should be capitalized. These assets are capitalized at cost, or if any purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Depreciation is reported on all exhaustible assets. "Inexhaustible" assets such as works of art and historical treasures are not depreciated. Road and highway infrastructure is reported on the modified basis. Assets are depreciated over the estimated useful life of the asset using the straight-line method.

All capital assets acquired by proprietary funds or trust funds are reported at cost or estimated historical cost, if actual historical cost is not available. Donated assets are reported at fair value on the acquisition date. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

LIABILITIES

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Employees' Compensable Leave

Employees' Compensable Leave Balances represent the liability that became "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

FUND BALANCES/NET ASSETS

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary and fiduciary fund statements, and the "Fund Balance" is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditures.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

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Reserved for Consumable Inventories

This represents the amount of supplies, postage and prepaids held to be used in the next fiscal year.

Unreserved/Undesignated

Other - represents the unappropriated balance at year-end.

Restricted Net Assets

Restricted Net Assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

F. INTERFUND TRANSACTIONS AND BALANCES

The agency has the following types of transactions among funds:

- 1) Transfers: Legally required transfers that are reported when incurred as "Transfers In" by the recipient fund and as "Transfers Out" by the disbursing fund.
- 2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.
- 3) Interfund receivables and payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter it is classified as "Current", repayment for two (or more) years is classified as "Non-Current."
- 4) Interfund Sales and Purchases: Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of the agency's Interfund receivables and payables at August 31, 2015, if any, is presented in Note 12.

NOTE 2: CAPITAL ASSETS

Capital Assets submitted via CANNs.

NOTE 3: DEPOSITS, INVESTMENTS & REPURCHASE AGREEMENTS

Not applicable

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NOTE 4: SHORT TERM DEBT

Not applicable

NOTE 5: SUMMARY OF LONG-TERM LIABILITIES

Long Term Liabilities submitted via LTLN system.

NOTE 6: BONDED INDEBTEDNESS

Not applicable

NOTE 7: CAPITAL LEASES

Not applicable. The agency does not currently have any capital leases under contract.

NOTE 8: OPERATING LEASE OBLIGATIONS

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating leases for current fiscal year **FY 2015**:

<u>Fund Type</u>	
General Fund (0001)	<u>\$22,615.65</u>

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year are as follows:

Year Ended August 31:

2016	\$ 7,299.00
2017	\$ 7,299.00
2018	\$ 7,299.00
2019	\$ -
2020-2021	\$ -
2021 & Beyond	<u>\$ -</u>
Total Minimum Future Lease Payment Requirements	<u>\$21,897.00</u>

NOTE 9: RETIREMENT PLANS

Not applicable

NOTE 10: DEFERRED COMPENSATION

Not applicable

NOTE 11: POST EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Not applicable

NOTE 12: INTERFUND BALANCES/ACTIVITIES

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The agency did not have any outstanding transactions or balances at the end of FY15.

As explained in Note 1 on Interfund Transactions and Balances, there are numerous transactions between funds and agencies. At year end, amounts to be received or paid are reported as Interfund Receivables or Interfund Payables, Advances From or Advances To, or Due From or Due To Other Funds.

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

NOTE 13: CONTINUANCE SUBJECT TO REVIEW

Under the Texas Sunset Act, the Agency will be abolished effective September 1, 2021, unless continued in existence by the State Legislature as provided by the Act. If abolished, the Agency may continue until September 1, 2022 to close out its operations.

NOTE 14: ADJUSTMENTS TO FUND BALANCES/NET ASSETS

Not applicable

NOTE 15: CONTINGENT LIABILITIES

Not applicable

NOTE 16: SUBSEQUENT EVENTS

Not applicable

NOTE 17: RISK MANAGEMENT

Not applicable

NOTE 18: MANAGEMENT DISCUSSION AND ANALYSIS/MATERIAL CHANGES TO AFR

Not applicable

NOTE 19: THE FINANCIAL REPORTING ENTITY: RELATED ORGANIZATIONS

Not applicable

NOTE 20: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Not applicable

NOTE 21: N/A

NOTE 22: DONOR-RESTRICTED ENDOWMENTS

Not applicable

NOTE 23: EXTRAORDINARY AND SPECIAL ITEMS

Not applicable

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NOTE 24: DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

Not applicable

NOTE 25: TERMINATION BENEFITS

Not applicable

NOTE 26: SEGMENT INFORMATION

Not applicable