



PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254 772 4901 pbhcpa.com

September 24, 2020

Navarro County Community Supervisions
And Corrections Department
601 N. 13th Street, Suite 6
Corsicana, Texas 75110

To the Community Supervision & Corrections Department Board and Management:

The following represents our understanding of the services we will provide Navarro County Community Supervision and Corrections Department (CSCD).

You have requested that we audit the financial statements of Navarro County CSCD, as of August 31, 2020, and for the year then ended and the related notes to the financial statements, which collectively comprise Navarro County CSCD's basic financial statements. We understand that the financial statements will be presented in accordance with the Texas Department of Criminal Justice-Community Assistance Division (TDCJ-CJAD) reporting requirements which include the *Fiscal Year 2020 Independent Audit Guidelines, Compliance Requirements, Standard Reporting Formats, Compliance Checklist, Financial Management Manual for TDCJ-CJAD Funding, and Contract Management Manual for TDCJ-CJAD Funding of Offender Services*. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the Department's financial statements in accordance with the financial reporting provisions of the TDCJ-CJAD.

Supplementary information will accompany the Navarro County CSCD's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. We intend to provide an opinion on the following supplementary information in relation to the financial statements as a whole:

- Schedules of Differences Between the Audit Report and CSCD Reports Sent to TDCJ-CJAD.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor Responsibilities

We will conduct our audit in accordance with U.S. GAAS, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and the *Fiscal Year 2020 Independent Audit Guidelines, Compliance Requirements, Standard Reporting Formats, Compliance Checklist, Financial Management Manual for TDCJ-CJAD Funding, and Contract Management Manual for TDCJ-CJAD Funding of Offender Services*, issued by TDCJ-CJAD. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used, as well as evaluating the overall presentation of the basic financial statements. If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts and direct confirmation of cash and certain revenue by correspondence with financial institutions and TDCJ-CJAD. As part of our audit process, we may request written representations from your attorneys, and they may bill you for responding. At the conclusion of our audit, we will also request certain written representations from you about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS, *Government Auditing Standards*, and *Fiscal Year 2020 Independent Audit Guidelines, Compliance Requirements, Standard Reporting Formats, Compliance Checklist, Financial Management Manual for TDCJ-CJAD Funding, and Contract Management Manual for TDCJ-CJAD Funding of Offender Services*.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the basic 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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit. Our responsibility as auditors is, of course, limited to the period covered by our audit and does not extend to any other periods.

We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs or withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Government Auditing Standards require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the basic financial statements and related schedules or disclosures as these actions are deemed a non-audit service.

Other Services

We will assist in preparing the financial statements and related notes of Navarro County CSCD's in conformity with TDCJ-CJAD regulatory requirements. These non-audit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. These services are limited to assisting in the preparation of the financial statements and related notes of Navarro County CSCD. Our firm, in its sole professional judgement, reserves the right to refuse to do any procedure or take any action that could be construed as making management decisions or assuming management responsibilities, including determining account coding

and approving journal entries. Our firm will advise Navarro County CSCD with regard to financial preparation, but Navarro County CSCD must make all decisions with regard to those matters.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of Navarro County CSCD's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with the Texas Department of Criminal Justice - Community Justice Assistance Division (TDCJ-CJAD) Reporting Requirements;
2. For 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 error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
3. To provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - ii. Additional information that we may request from management for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.
4. For including the auditor's report in any document containing financial statements that indicates that such financial statements have been audited by the entity's auditor;
5. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities; and
6. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole.
7. For maintaining adequate records, selecting and applying accounting principles, and safe guarding assets.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited financial statements, or

if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

With respect to any non-attest services we will not assume management responsibilities on behalf of Navarro County CSCD, we will provide advice and recommendations to assist management in performing its responsibilities. Management is responsible for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

The Fiscal Officer for the CSCD will be responsible for reviewing the draft of the Independent Audit Report for compliance with the *Fiscal Year 2020 Independent Audit Guidelines, Compliance Requirements, Standard Reporting Formats, Compliance Checklist, Financial Management Manual for TDCJ-CJAD Funding, and Contract Management Manual for TDCJ-CJAD Funding of Offender Services*, and review the financial statements for accuracy before issuance of the final Independent Audit Report.

Reporting

We will issue a written report upon completion of our audit of Navarro County CSCD's financial statements. Our report will be addressed to the governing body of Navarro County CSCD. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our opinion on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

Other

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

Provisions of Engagement Administration, Timing and Fees

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

The timing of our audit will be scheduled for performance and completion as follows:

Fieldwork	October 2020
Issue audit report	February 2021

Paula Lowe is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising Pattillo, Brown & Hill, L.L.P.'s services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees for these services will be at our standard hourly rates plus out-of-pocket cost (such as reports reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$6,000. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional cost.

During the course of the audit we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

You agree to inform us of facts that may affect the basic financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

We agree to retain our audit documentation or work papers for a period of at least five (5) years from the date of our report.

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.


The audit documentation for this engagement is the property of PBH and constitutes confidential information. However, we may be requested to make certain audit documentation available to TDCJ-CJAD and other regulatory agencies pursuant to authority given to them by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of PBH's personnel. Furthermore, upon request, we may provide copies of selected audit documentation. The regulatory agency may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

In accordance with the requirements of *Government Auditing Standards*, we have attached a copy of our latest external peer review report of our firm for your consideration and files.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

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



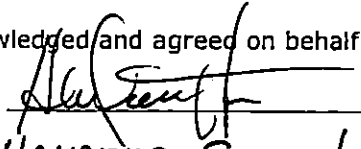
Paula Lowe, CPA
Waco, Texas

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Navarro County CSCD by:

Name:

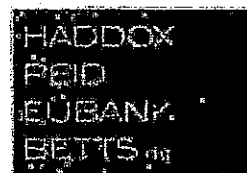


Title:

NAVARRO County Judge

Date:

October 13, 2020



CPAs & Advisors

SYSTEM REVIEW REPORT

October 21, 2016

To the Partners of
Pattillo, Brown & Hill, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Pattillo, Brown & Hill, LLP (the firm) in effect for the year ended May 31, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, and audits performed under FDICIA.

In our opinion, the system of quality control for the accounting and auditing practice of Pattillo, Brown & Hill, LLP in effect for the year ended May 31, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Pattillo, Brown & Hill, LLP has received a peer review rating of *pass*.

Haddox Reid Eubank Betts PLLC