

# Court Services and Offender Supervision Agency for the District of Columbia



## **FY 2015 Agency Financial Report**

November 16, 2015

## **Introduction**

The Reports Consolidation Act of 2000 (P.L. 106-531) authorizes Federal agencies to combine required financial, performance and management assurance reports into one submission to improve the efficiency of agency reporting and to provide information to stakeholders in a more meaningful, useful format. The Court Services and Offender Supervision Agency's (CSOSA's) FY 2015 Agency Financial Report (AFR) provides fiscal and selected high-level performance results that enable the President, Congress and the American people to assess our accountability and accomplishments for the reporting period of October 1, 2014 through September 30, 2015. There are three major sections to this AFR:

### **Section I: Management's Discussion and Analysis (MD&A)**

Contains information on CSOSA's mission, organizational structure, strategic goals and locations. Provides an overview of financial results, a high-level discussion of selected key program performance measures, and management assurances related to the Federal Managers' Financial Integrity Act (FMFIA) of 1982 and Federal Financial Management Improvement Act (FFMIA) of 1996.

### **Section II: Financial Section**

Provides CSOSA's FY 2015 audited financial statements and notes and the independent auditor's reports.

### **Section III: Other Information**

Contains Improper Payments Information Act (IPIA) of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA; Pub.L 111-204), and the Schedule of Spending.

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## Agency Head Message

I am proud to share with you the Court Services and Offender Supervision Agency's (CSOSA's) FY 2015 Agency Financial Report (AFR). CSOSA was established under the National Capital Revitalization and Self-Government Improvement Act of 1997 (the Revitalization Act) to increase public safety, prevent crime, reduce recidivism, and support the fair administration of justice in the District of Columbia. With implementation of the Revitalization Act, the Federal government took on a unique, front-line role in the day-to-day public safety of everyone who lives, visits or works in the District of Columbia.

CSOSA was certified as an independent Executive Branch agency on August 4, 2000. CSOSA consists of two component programs, the Community Supervision Program (CSP), supervising adult offenders on probation, parole and supervised release, and the Pretrial Services Agency (PSA), supervising adult defendants on pretrial release. Pursuant to the Revitalization Act, PSA became an independent entity within CSOSA. Although CSP and PSA have two distinct mandates and Strategic Plans, we share two common strategic goals for the Agency's management and operations:

- Establish strict accountability and prevent the population supervised by CSOSA from engaging in criminal activity, and
- Support the fair administration of justice by providing accurate information and meaningful recommendations to criminal justice decision-makers.

CSOSA is committed to doing more with less and will continue to make every effort to achieve our strategic goals and enhance public safety. CSP strives to decrease recidivism among our offender population by continuing to develop, implement and evaluate effective offender supervision programs and techniques. In FY 2015, CSP continued to experience annual improvements in our long-term outcome measures related to improving public safety in the District of Columbia: decreasing recidivism among the supervised offender population and increasing the number of offenders successfully completing supervision. PSA continued to improve its identification of defendants who pose a higher risk of pretrial failure, to enhance its supervision and oversight of these defendants, to expand services and support of persons with substance dependence and mental health needs, and to lead efforts in implementing drug testing strategies to keep pace with emerging drug use trends. Through these efforts, PSA met or exceeded performance outcome targets related to minimizing re-arrest rates, reducing failures to appear for court appearances, and maximizing the number of defendants who successfully completed supervision.

For FY 2015, CSOSA is issuing an AFR and will include our complete FY 2015 Annual Performance Report with our FY 2017 Congressional Budget Justification. The AFR is our principal report to the President, Congress and the American people on our management of the funds with which we have been entrusted; and, we believe it demonstrates clearly our commitment to the effective stewardship of the public's monies.

The financial and performance data reported in the FY 2015 AFR is reliable and complete. As evidence, CSOSA has received unmodified (unqualified) opinions from our independent auditors since agency inception. An unmodified audit opinion affirms that the CSOSA financial statement(s) were presented fairly in all material respects, in conformity with generally accepted

accounting principles. CSOSA's FY 2015 internal evaluation concerning the adequacy of the Agency's management controls and systems did not identify material control weaknesses. In addition, the FY 2015 financial audit did not identify any financial reporting control deficiencies.

We are committed to managing CSOSA resources in a transparent and accountable fashion as we carry out a mission that improves the lives of all people within the District of Columbia. Thank you for your interest in CSOSA's FY 2015 AFR.

A handwritten signature in cursive script, appearing to read "Nancy Ware".

Nancy Ware  
Director  
November 16, 2015

# **AFR Section I: Management's Discussion and Analysis**

## **A. Background**

The Court Services and Offender Supervision Agency for the District of Columbia (CSOSA) was established by the National Capital Revitalization and Self-Government Improvement Act of 1997 (the Revitalization Act<sup>1</sup>). Following a three-year period of trusteeship, CSOSA was certified as an independent Executive Branch agency on August 4, 2000. CSOSA's mission is to increase public safety, prevent crime, reduce recidivism, and support the fair administration of justice in close collaboration with the community.

The Revitalization Act was designed to provide financial assistance to the District of Columbia by transferring full responsibility for several critical, front-line public safety functions to the Federal government. Three separate and disparately functioning entities of the District of Columbia government were reorganized into one federal agency, CSOSA. The new agency assumed its probation function from the D.C. Superior Court Adult Probation Division and its parole function from the D.C. Board of Parole. The Pretrial Services Agency for the District of Columbia (PSA), responsible for supervising pretrial defendants, became an independent entity within CSOSA and receives its funding as a separate line item in the CSOSA appropriation. On August 5, 1998, the parole determination function was transferred to the U.S. Parole Commission (USPC), and on August 4, 2000, the USPC assumed responsibility for parole and supervised release revocations and modifications with respect to felons. With implementation of the Revitalization Act, the Federal government took on a unique, front-line role in the day-to-day public safety of everyone who lives, visits or works in the District of Columbia.

For FY 2015, CSOSA has chosen to produce an alternative to the consolidated Performance and Accountability Report (PAR) called an Agency Financial Report (AFR). CSOSA will include its FY 2015 Annual Performance Report with its FY 2017 Congressional Budget Justification and will post it on the CSOSA web site, located at [www.csosa.gov](http://www.csosa.gov), in 2016.

The CSOSA appropriation is comprised of two component programs:

- The Community Supervision Program (CSP), and
- The Pretrial Services Agency for the District of Columbia (PSA).

CSP is responsible for supervision of offenders on probation, parole or supervised release, as well as monitoring Civil Protection Orders and deferred sentencing agreements; PSA is responsible for supervising pretrial defendants.

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<sup>1</sup> Public Law 105-33, Title XI

**Community Supervision Program (CSP):** CSP provides a range of supervision case management and related support services for adult offenders on probation, parole and supervised release. These diverse services support CSOSA's commitment to public safety and crime reduction through the provision of timely and accurate information to judicial and paroling authorities and through the close supervision of offenders released to the community.

In FY 2015, CSP supervised approximately 12,000 offenders on any given day and 18,500 different offenders over the course of the year. Approximately 6,500 offenders entered CSP supervision in FY 2015; 4,900 men and women sentenced to probation by the Superior Court for the District of Columbia and 1,600 individuals released from incarceration in a Federal Bureau of Prisons (BOP) facility on parole or supervised release. Supervised release offenders committed their offense on or after August 5, 2000 and must serve a minimum of 85 percent of their sentence in prison with the balance under CSP supervision in the community. Parolees committed their offense prior to August 4, 2000 and serve a minimum of their sentence in prison before they are eligible for parole at the discretion of the USPC.

Offenders typically remain under CSP supervision for the following durations<sup>2</sup>:

Probation: 18.6 to 19.4 months;

Parole<sup>3</sup>: 11.9 to 14.6 years; and

Supervised Release: 42.6 to 43.6 months

CSP's challenge in effectively supervising our offender population is substantial. Many offenders under CSP supervision have substance abuse and/or mental health issues, lack stable housing and family relationships, do not have a high school diploma or GED, and are unemployed.

CSP established one outcome indicator and one outcome-oriented performance goal related to public safety that are contained in our FY 2014 – 2018 Strategic Plan:

1. Decreasing recidivism among the supervised offender population, and
2. Successful completion of supervision.

Revocation to incarceration of CSP offenders results from multiple factors and is an outcome of a complex supervision process that seeks to balance public safety with supporting offender reintegration. CSP strives to decrease revocations (and, overall, recidivism) by continuing to develop, implement and evaluate effective offender supervision programs and techniques.

After a careful review, CSP has updated our reporting methodology for revocations. The table data on the following page reflects updated reporting methodologies which more accurately represent Agency activities and performance. These data differ slightly from that in previous Annual Performance Reports. Data show that, although there has been some fluctuation throughout the years in revocations by supervision type, the overall percentage of CSP's Total Supervised Population revoked to incarceration has been steadily decreasing since FY 2006. From FYs 2006 to 2010, overall revocations decreased from nearly 14 percent to just over 10 percent. This decrease was driven primarily by parole and supervised release cases supervised on behalf of the U.S. Parole Commission. Revocations of

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<sup>2</sup> Values represent the 95% confidence interval around the average length of sentence for the CSP's FY 2015 Total Supervised Population

<sup>3</sup> Life sentences have been excluded

parolees decreased nearly 12 percentage points and revocations of supervised release offenders decreased by almost eight percentage points during that time. Revocations of probationers supervised by CSP on behalf of the Superior Court for the District of Columbia, on the other hand, increased by one percentage point from FY 2008 to FY 2010. From FY 2011 to FY 2014, overall revocations decreased by one percentage point. Although the rate of revocation among probationers declined steadily (with an overall decrease of two percentage points), revocations of parolees and supervised release offenders fluctuated during this time. Revocations of both parolees and supervised releasees decreased from FY 2011 to FY 2012, but increased in FYs 2013 and 2014. FY 2015 is the first year since FY 2008 that revocations decreased among all supervision types, resulting in an overall revocation rate that was one and a half percentage points lower than FY 2014.

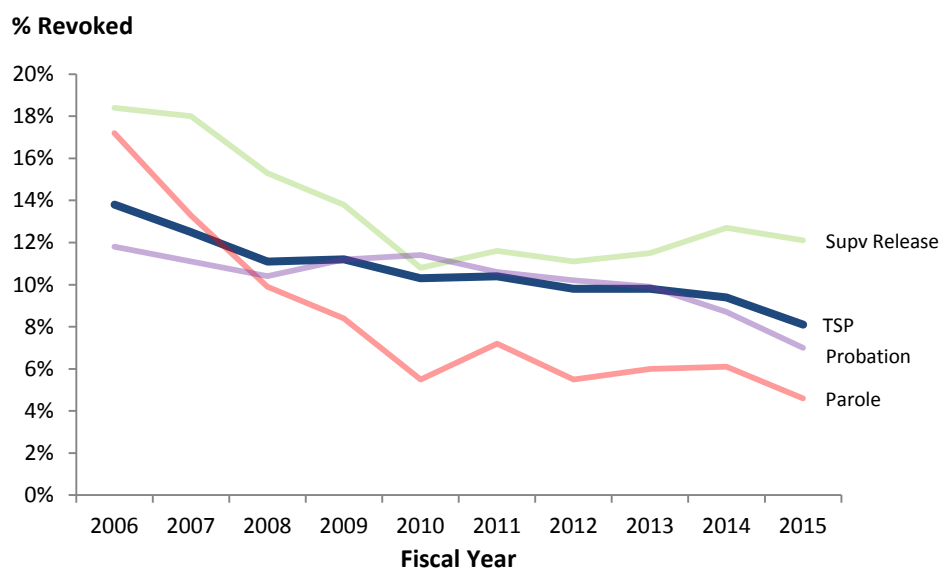
### CSP Total Supervised Population Revoked to Incarceration<sup>1</sup>, by Supervision Type, FYs 2006–2015<sup>2</sup>

	<u>Parole</u>			<u>Supervised Release</u>			<u>Probation<sup>3</sup></u>			<u>Total</u>		
	N	% Change	% Revoked	N	% Change	% Revoked	N	% Change	% Revoked	N	% Change	% Revoked
<b>2006</b>	5,852		17.2	2,508		18.4	16,345		11.8	24,705		13.8
<b>2007</b>	5,053	-13.7	13.3	3,444	37.3	18.0	16,181	-1.0	11.1	24,678	-0.1	12.5
<b>2008</b>	4,465	-11.6	9.9	4,116	19.5	15.3	16,130	-0.3	10.4	24,711	0.1	11.1
<b>2009</b>	4,177	-6.5	8.4	4,591	11.5	13.8	16,018	-0.7	11.2	24,786	0.3	11.2
<b>2010</b>	4,009	-4.0	5.5	4,943	7.7	10.8	16,257	1.5	11.4	25,209	1.7	10.3
<b>2011</b>	3,413	-14.9	7.2	5,213	5.5	11.6	16,185	-0.4	10.6	24,811	-1.6	10.4
<b>2012</b>	3,060	-10.3	5.5	5,350	2.6	11.1	16,087	-0.6	10.2	24,497	-1.3	9.8
<b>2013</b>	2,716	-11.2	6.0	5,338	-0.2	11.5	15,011	-6.7	9.9	23,065	-5.8	9.8
<b>2014</b>	2,340	-13.8	6.1	5,166	-3.2	12.7	13,357	-11.0	8.7	20,863	-9.5	9.4
<b>2015</b>	1,934	-17.4	4.6	4,857	-6.0	12.1	11,636	-12.9	7.0	18,427	-11.7	8.1

<sup>1</sup> Revocation (incarceration) data excludes a small number of cases that were closed and revoked but the offender was not incarcerated.

<sup>2</sup> Data for FY 2015 are preliminary.

<sup>3</sup> Probation also includes Civil Protection Order (CPO) and Deferred Sentence Agreement (DSA) cases.



CSP views the overall decrease in revocations to incarceration as a significant public safety accomplishment achieved in spite of limited resources and increasing offender risk. We believe that our strategy of focusing our resources on the highest-risk offenders contributes significantly to reducing recidivism.



**Pretrial Services Agency (PSA):** The Pretrial Services Agency for the District of Columbia (PSA) assists judicial officers in both the Superior Court of the District of Columbia and the United States District Court for the District of Columbia by conducting a risk assessment for every arrested person who will be presented in court and formulating release or detention recommendations based upon the arrestee's demographic information, criminal history, and substance abuse and/or mental health information. For defendants who are placed on conditional release pending trial, PSA provides supervision and treatment services that reasonably assure that they return to court and do not engage in criminal activity pending their trial and/or sentencing. The result is that, in the District of Columbia (D.C. or District), unnecessary pretrial detention is minimized, jail crowding is reduced, public safety is increased and, most significantly, the pretrial release process is administered fairly.

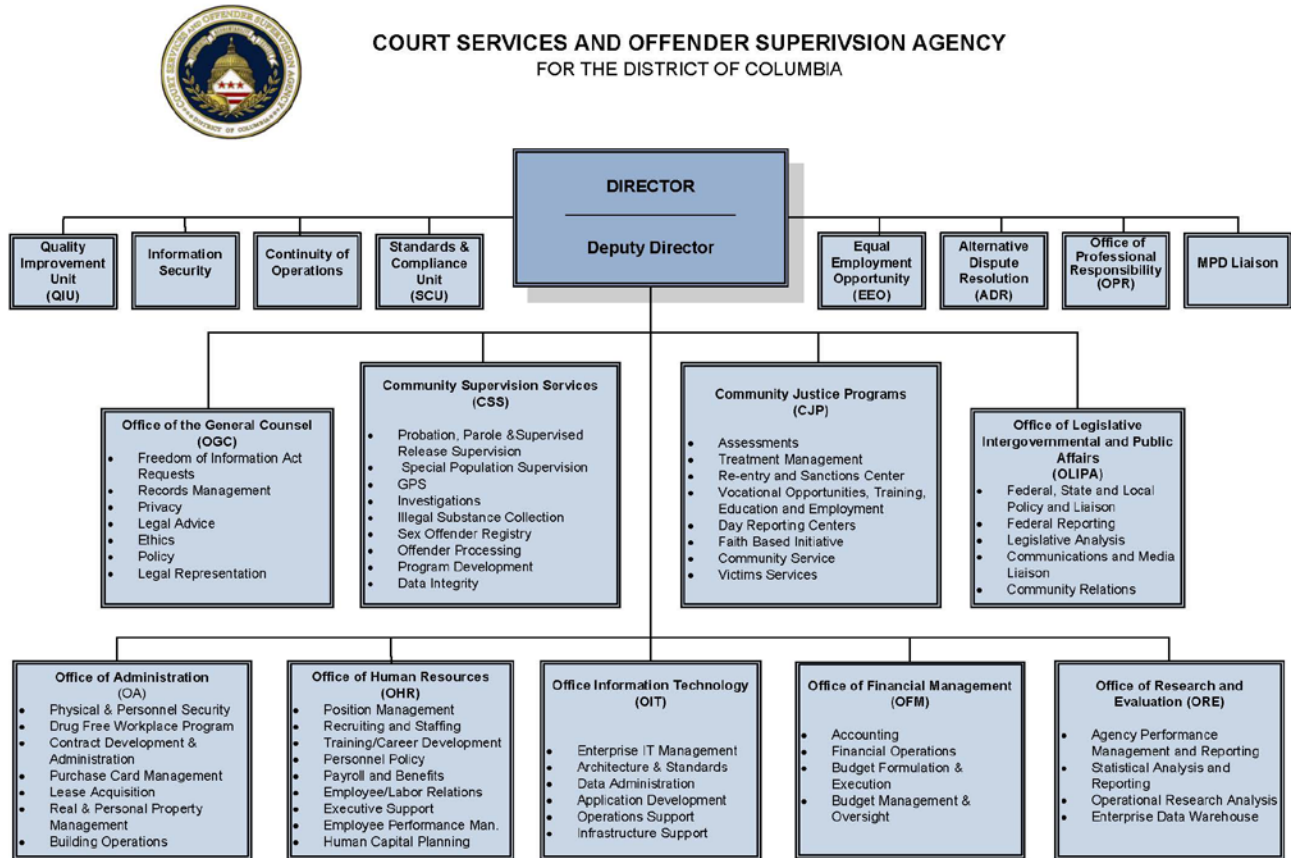
Through a results-driven culture, as evidenced above, PSA consistently enhances community safety by minimizing re-arrest rates, promotes efficient administration of justice by reducing failures to appear for court appearances, and promotes pretrial justice by maximizing defendant compliance.

PSA supervises approximately 16,000 defendants each year, and has oversight for approximately 4,000 individuals on any given day. PSA's caseloads include individuals being supervised on a full range of charges from misdemeanor property offenses to felony murder. On average, defendants remain under supervision for 108 days. During this period, PSA administers evidence-based and data-informed risk assessment and supervision practices to identify factors related to pretrial misconduct and to maximize the likelihood of arrest-free behavior and court appearance during the pretrial period.

PSA has served the District of Columbia for nearly 50 years and is widely recognized as a national leader in the field of pretrial supervision. PSA's drug testing and innovative supervision and treatment programs are regarded as models for the criminal justice system. PSA continues to improve its identification of defendants who pose a higher risk of pretrial failure, enhance its supervision and oversight of these defendants, expand services and support of persons with substance dependence and mental health needs, and lead efforts in implementing drug testing strategies to keep pace with emerging drug use trends.

## B. CSOSA Organizational Structure

The organizational structure of CSOSA's Community Supervision Program is shown below:



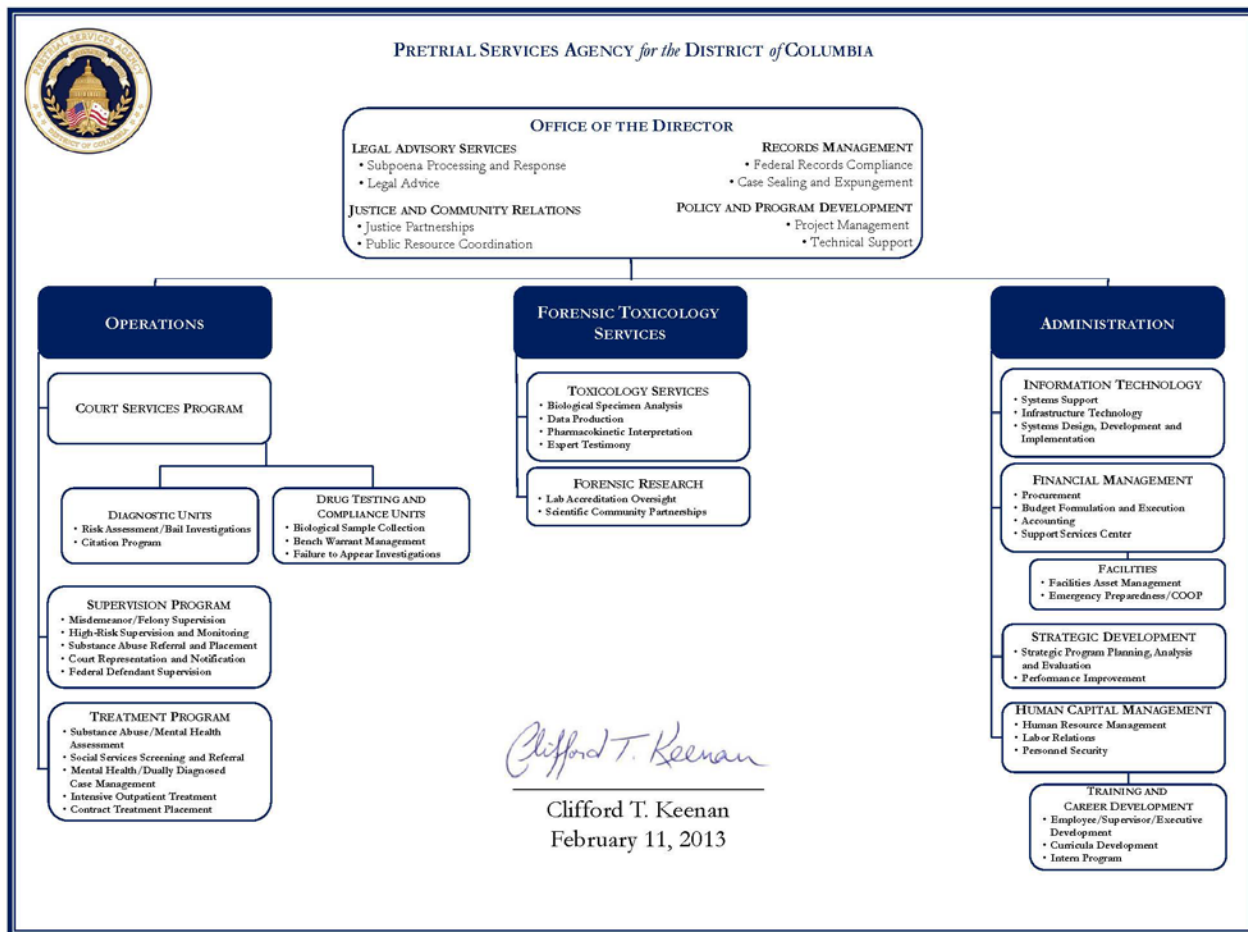
*Nancy M. Ware*

Nancy M. Ware, Director

12/22/2014

Date

The Pretrial Service Agency's organizational structure is shown below:

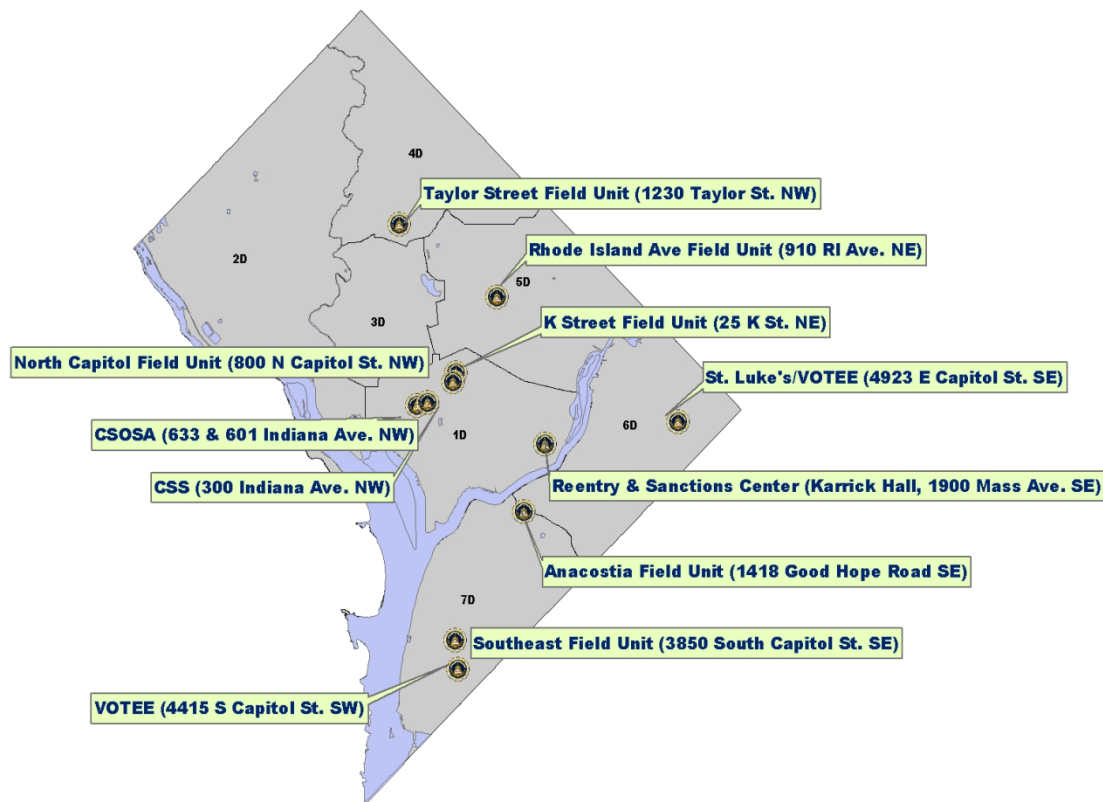


## C. CSOSA Locations

CSOSA (CSP/PSA) occupies 16 total locations in the District of Columbia, including two (2) locations shared by CSP and PSA. CSOSA's headquarters is located at 633 Indiana Avenue, NW, Washington, D.C.

CSP operates at 12 locations throughout the District of Columbia. CSP's primary offender supervision operations are located at six existing field offices. In addition, CSOSA headquarters (633 Indiana Avenue, NW) houses one offender supervision program and CSP performs specialized offender supervision operations co-located with the D.C. Metropolitan Police Department at 300 Indiana Avenue, NW, for highest risk offenders (sex offenders and behavioral health offenders) who cannot be supervised at neighborhood field offices. CSP operates on a year-to-year lease at 300 Indiana Avenue, NW, which is owned and operated by the D.C. Government. CSP's leases at several field site locations are expiring over the next several years presenting a challenge to maintain decentralized offender supervision operations. CSP is working closely with the General Services Administration to obtain replacement space.

CSP's supervision program model emphasizes decentralizing offender supervision into the neighborhoods where offenders live and work. The following map depicts CSP's field operations.



### *CSOSA Offices and Learning Labs by Police District*

PSA operations are located at six locations in the downtown area, including: (1) D.C. Superior Court building located at 500 Indiana Avenue (defendant interviews and risk assessment; court support; specimen collection); (2) Elijah Barrett Prettyman building (U.S. District Court) located at 333 Constitution Avenue (federal defendant interviews and risk assessment; court support); (3) 633 Indiana Avenue (headquarters; supervision and treatment programs); (4) 601 Indiana Avenue (supervision and treatment programs); (5) 1025 F Street (training, information technology); and (6) 90 K Street, NE (drug testing laboratory).

## **D. Performance Goals, Objectives and Results**

CSOSA's mission is to increase public safety, prevent crime, reduce recidivism, and support the fair administration of justice in close collaboration with the community. Given that 70 percent of convicted offenders serve all or part of their sentence in the community, and approximately 85 to 90 percent of pretrial defendants are released to the community, CSOSA's functions of effective supervision for pretrial defendants and convicted offenders, along with effective service to the courts and paroling authority, are critical to public safety. Although CSP and PSA have two distinct mandates, they share common strategic goals for the Agency's management and operations. The primary elements of CSP's Strategic Plan are outlined below:

- Establish strict accountability and prevent the population supervised by CSOSA from engaging in criminal activity.
- Deliver preventative interventions to the population supervised by CSOSA based on assessed need.
- Support the fair administration of justice by providing accurate information and meaningful recommendations to criminal justice decision-makers.

To achieve these goals, CSOSA has developed strategic objectives encompassing all components of community-based supervision. These strategic objectives include:

- Establish and implement: (a) an effective risk and needs assessment and case management process to help officials determine whom it is appropriate to release and at what level of supervision, and (b) an ongoing evaluation process that assesses a defendant's compliance with release conditions and an offender's progress in reforming his/her behavior.
- Provide close supervision of high-risk defendants and offenders, with intermediate graduated sanctions for violations of release conditions and incentives to encourage compliance.
- Provide appropriate treatment and support services, as determined by the needs assessment, to assist defendants in complying with release conditions and offenders in reintegrating into the community.
- Establish partnerships with other law enforcement agencies and community organizations.
- Provide timely and accurate information with meaningful recommendations to criminal justice decision-makers so they may determine the appropriate release conditions and/or disposition of cases.

These strategic objectives are the foundation for CSOSA's structure and operations, as well as the Agency's plans for allocating resources, measuring performance, and achieving outcomes. In terms of both day-to-day operations and long-term performance goals, these strategic objectives are fundamental to CSOSA's efforts. They unite CSP's and PSA's strategic plans, operations, and budgets.

## E. Key Performance Information

### *Community Supervision Program*

CSOSA's Community Supervision Program (CSP) has defined offender **Rearrest** and offender **Drug Use** as the two intermediate outcome performance indicators most closely linked to our public safety mission. CSP's FY 2015 Annual Performance Report, reporting all agency performance measures, will be included in the FY 2017 Congressional Budget Justification submitted in February 2016.

### Strategies and Resources

CSP employs a number of strategies, consistent with its program model, to achieve its performance outcomes. The strategies are organized under six **Strategic Objectives** that support the Agency's mission and drive the allocation of resources.

**Strategic Objective 1.1: Risk and Needs Assessment.** In FY 2015, 6,461 offenders entered CSP supervision; a 16 percent decrease from the 7,724 offenders who entered supervision in FY 2014. Effective supervision begins with comprehensive knowledge of the offender. An initial risk and needs assessment provides a basis for risk classification and identification of the offender's specific needs. An individual offender's risk to public safety is measurable based on particular attributes that are predictive of future behavior while the offender is under supervision. The risk factors are either static or dynamic in nature. Static factors are fixed conditions (e.g., age, number of prior convictions). While static factors can, to some extent, predict recidivism, they cannot be changed. However, dynamic factors can be influenced by interventions and are, therefore, important in determining the offender's level of risk and needs. These factors include substance abuse, educational status, employability, community and social networks, patterns of thinking about criminality and authority, and the offender's attitudes and associations. If positive changes occur in these areas, the likelihood of recidivism is reduced.

CSP's classification system consists of an automated, comprehensive risk and needs assessment that results in a recommended level of supervision and the development of an individualized **Prescriptive Supervision Plan** that identifies programs and services that will address the offender's identified needs. CSP's proprietary screening instrument, the **Auto Screener**, combines risk and needs assessment into a single automated process. Offenders are initially assessed using the Auto Screener upon assignment to a Community Supervision Officer (CSO) and most offenders are reassessed every 180 days while under supervision, and after any re-arrest or significant life event.

A critical factor in the success of CSP in reducing the crime rate is its ability to introduce an accountability structure into the supervision process and to provide swift responses to non-compliant behavior. Individuals under supervision must enter into an **Accountability Contract**, a written acknowledgement of the responsibilities and consequences of community supervision under probation, parole, or supervised release as granted by the Superior Court for the District of Columbia or the U.S. Parole Commission.

**Strategic Objective 1.2: Close Supervision.** Close supervision in the community is the basis of effective offender management. Offenders must know that the system is serious about enforcing compliance with the conditions of their release, and that violating those conditions will bring swift and certain consequences.

The most important component of effective Close Supervision is **Caseload Size**. Prior to the Revitalization Act, caseload ratios were over 100 offenders for each officer, far in excess of those recommended by nationally recognized standards and best practices. Caseload ratios of this magnitude made it extremely

difficult for CSOs to acquire thorough knowledge of the offender's behavior, associations in the community and to apply supervision interventions and swift sanctions. With resources received in prior fiscal years, CSP has made great progress in reducing CSO caseloads to more manageable levels.

On September 30, 2015 CSP supervised 11,150 total adult offenders, including 6,318 probationers and 4,832 offenders on supervised release or parole. The total number of offenders supervised on September 30, 2015 represents a nine percent decrease from the number offenders supervised on September 30, 2014 (12,320). Factors contributing to the reduction include:

- A decrease in the number of offender intakes in FY 2015 compared to previous years:
  - There were 21 percent fewer probation intakes and roughly 19 percent fewer parole/supervised release intakes in FY 2015 compared to FY 2013; and
- A decrease in the number of offenders returning to the District of Columbia on parole and supervised release:
  - As of September 30, 2015, CSOSA was supervising 15 percent fewer re-entrants (e.g., parolees and persons on supervised release) compared to the end of FY 2013.

#### **CSP Supervised Offenders by Supervision Type on September 30, 2013/2014/2015**

	<b>September 30, 2013</b>		<b>September 30, 2014</b>		<b>September 30, 2015<sup>2</sup></b>	
<b>Supervision Type</b>	<b>Number of Supervised Offenders</b>	<b>Percentage of Total Supervised Offenders</b>	<b>Number of Supervised Offenders</b>	<b>Percentage of Total Supervised Offenders</b>	<b>Number of Supervised Offenders</b>	<b>Percentage of Total Supervised Offenders</b>
Probation <sup>1</sup>	8,013	58.5%	6,959	56.5%	6,318	56.7%
Parole	1,813	13.2%	1,632	13.2%	1,393	12.5%
Supervised Release	3,867	28.3%	3,729	30.3%	3,439	30.8%
Total Supervised Offenders	13,693	100.0%	12,320	100.0%	11,150	100.0%

<sup>1</sup>Probation includes offenders with Civil Protection Orders and those with Deferred Sentence Agreements.

<sup>2</sup>Data for FY 2015 are preliminary.

On September 30, 2015, the average number of supervision cases per on-board supervision CSO employee was 47.5 offenders. The cumulative reduction in the number of on-board supervision CSOs has been temporarily offset by the decrease in the number of offenders supervised. Should offender supervision levels increase to historical levels (e.g., 15,000) due to changes in crime, sentencing and/or release conditions, supervision ratios, and workload, would increase proportionally.

#### **CSP Total Supervision Caseload Ratios on September 30, 2013/2014/2015**

<b>Fiscal Year</b>	<b>Total Supervised Offenders as of September 30<sup>th</sup></b>	<b>On-Board Supervision CSOs <sup>1</sup></b>	<b>On-Board CSO Caseload Ratio</b>
FY 2013	13,693	259	52.9:1
FY 2014	12,320	240	51.4:1
FY 2015 <sup>2</sup>	11,150	235	47.5:1

<sup>1</sup> Note: Additional CSO positions perform diagnostic and investigative functions.

<sup>2</sup> Data for FY 2015 are preliminary.

CSP uses a supervision workload re-balancing and realignment process that standardizes caseloads by offender risk and supervision type. This process has resulted in the re-allocation of resources to specialized supervision teams. As a result, increased supervision resources are provided to higher-risk offenders on

specialized caseloads, such as mental health, sex offender, young adult and female. Offender caseload ratios for most of these specialized caseloads are lower than the overall 47.5:1 ratio. CSP and national standards propose that CSOs supervising specialized, high-risk cases supervise fewer than 50 offenders due to the intensive case management, standards of care and reporting requirements needed for these offenders.

As of September 30, 2015, 211 offenders who were assessed in a Minimum supervision level and were compliant with their supervision obligations were placed on Kiosk supervision. CSP has Kiosks located at our 25 K Street, 1230 Taylor Street, 300 Indiana Avenue and 3850 South Capital Street field unit locations. CSP plans to increase the number of low-risk offenders placed on Kiosk supervision in FY 2016. Moving low risk offenders to Kiosk reporting allows supervision CSOs to focus on our higher-risk offenders and better manage the population.

In FY 2015, CSP's Total Supervised Population from October 1, 2014 through September 30, 2015 was 18,427 unique offenders. Total Supervised Population (TSP) includes all Probation, Parole, Supervised Release, Civil Protection Orders, and Deferred Sentence Agreement offenders who were assigned to a Community Supervision Officer and supervised for at least one day within the reporting period. It is used by CSP as the basis for several performance goals. The FY 2015 Total Supervised Population represents almost a 12 percent decrease from the FY 2014 Total Supervised Population (20,863).

#### **CSP Total Supervised Population (TSP) by Supervision Type FY 2013 – FY 2015**

	<b>FY 2013 (October 1, 2012 – September 30, 2013)</b>		<b>FY 2014 (October 1, 2013 – September 30, 2014)</b>		<b>FY 2015 (October 1, 2014 – September 30, 2015)<sup>2</sup></b>	
<b>Supervision Type</b>	<b>Number of Supervised Offenders</b>	<b>Percentage of Total Supervised Offenders</b>	<b>Number of Supervised Offenders</b>	<b>Percentage of Total Supervised Offenders</b>	<b>Number of Supervised Offenders</b>	<b>Percentage of Total Supervised Offenders</b>
Probation <sup>1</sup>	15,011	65.1%	13,357	64.0%	11,636	63.1%
Parole	2,716	11.8%	2,340	11.2%	1,934	10.5%
Supervised Release	5,338	23.1%	5,166	24.8%	4,857	26.4%
TSP	23,065	100.0%	20,863	100.0%	18,427	100.0%

<sup>1</sup> Probation also includes offenders with Civil Protection Orders and those with Deferred Sentence Agreements.

<sup>2</sup> Data for FY 2015 are preliminary.

A second focus under Close Supervision is CSP's continued commitment to implementing a **community-based approach to supervision**, that relies on proven evidence-based practices and making them a reality in the District of Columbia. CSP supervises offenders in the community where they live. CSP supervision CSOs work in any of six field sites located throughout the community. Offenders are assigned to the field site closest to their geographic location, District/Police Service Areas (PSAs), thereby allowing CSOs to supervise offenders in the same area and develop an understanding of and partnership with the community. CSP leases at several field locations are expiring over the next several years presenting a challenge to maintaining decentralized offender supervision operations.

The third focus of Close Supervision is the implementation of **Graduated Sanctions** to respond to violations of conditions of release. Graduated sanctions are a critical element of CSP's offender supervision model. From its inception, the agency has worked closely with the releasing authorities (D.C. Superior Court and the U.S. Parole Commission) to develop a range of graduated sanctioning options that CSOs can implement immediately, in response to non-compliant behavior, without returning offenders to the releasing authority. A swift response to non-compliant behavior can restore



compliance before the offender's behavior escalates to include new crimes. Offender sanctions are defined in the Accountability Contract established with each offender at the start of supervision. Sanctions take into account both the severity of the non-compliance and the offender's supervision level. Examples of sanction options include:

- Increase frequency of drug testing or supervision contacts,
- Assignment to Community Service or the CSP Day Reporting Center,
- Placement in a residential sanctions program (including the Re-entry and Sanctions Center and the Halfway Back program),
- Placement on Global Positioning System (GPS) monitoring, and
- Placement into new Secure Residential Treatment Program.

If sanctions do not restore compliance, or the non-compliant behavior escalates, the CSO will inform the releasing authority by submitting an Alleged Violation Report (AVR). An AVR is automatically submitted in response to any new arrest.

CSP operates a Day Reporting Center (DRC) at the 1230 Taylor Street field unit and a second DRC at our 25 K Street field unit for female offenders. The DRC is an on-site program based on cognitive behavioral therapy principles designed to change offender's adverse thinking patterns, provide education and job training to enable long-term employment, and hold unemployed offenders accountable during the day. Offenders participate until they obtain employment or enroll in a vocational training program or apprenticeship.

As of September 25, 2015, 347 high-risk offenders were placed on GPS Electronic Monitoring based on the request of their supervision CSO and/or directed by the releasing authority. CSP shares offender GPS data with other law enforcement entities, including the D.C. Metropolitan Police Department (MPD), the U.S. Attorney's Office and the U.S. Marshals Service (USMS).

In September 2009, CSP launched the new Secure Residential Treatment Program (SRTP) at the Correctional Treatment Facility, a local contract facility of the D.C. Government that houses inmates detained in the D.C. Jail. The SRTP serves as an alternative placement for eligible D.C. Code offenders on parole or supervised release who face revocation for technical violations (including substance abuse) and, in some cases, new criminal violations. CSP is partnering in this endeavor with the BOP, USPC, D.C. Department of Corrections and the D.C. Public Defender Service.

Routine **drug testing** is an essential element of supervision and sanctions. Given that two-thirds of the supervised offender population has a history of substance abuse, an aggressive drug testing program is necessary to detect illegal drug use and interrupt the cycle of criminal activity related to use. All offenders are placed on a drug testing schedule, with frequency of testing dependent upon prior substance abuse history, supervision risk level, and length of time under CSP supervision. In addition, all offenders are subject to random spot testing at any time.

One of CSOSA's most important accomplishments was the implementation of the Re-entry and Sanctions Center (RSC) at Karrick Hall in February 2006. The RSC provides intensive assessment and reintegration programming for high risk offenders/defendants who violate conditions of their release. The RSC has the capacity to serve 102 offenders/defendants in six units, or 1,200 offenders/defendants annually. Two of the six units are dedicated to meeting the needs of dually-diagnosed (mental health and substance abuse) male offenders, while one unit is reserved for dually-diagnosed female offenders.

**Strategic Objective 1.3: Law Enforcement Partnerships.** Establishing effective partnerships with other criminal justice agencies facilitates close supervision of offenders in the community. The D.C. MPD, D.C. Housing Authority Police, Department of Youth Rehabilitation Services (DYRS), PSA, and Family Court Social Services are key players in CSP's public safety goal. Since MPD police officers and D.C. Housing Authority Police are in the community every day responding to law violations and are responsible for arresting individuals, they assist CSP with close supervision. DYRS and Family Court Social Services play important roles in relation to those offenders on CSP supervision who also have active cases in the juvenile justice system. PSA helps CSP with the detection of new charges for offenders already under CSP supervision. Additionally, CSP works closely with the USMS on warrant initiatives and the agency collaborates with the surrounding jurisdictions on cross-border crime issues.

CSP CSOs and D.C. MPD Officers partner to conduct scheduled or unscheduled (unannounced) Accountability Tours to the homes of high-risk offenders. Accountability Tours are a visible means to heighten the awareness of law enforcement presence to the offenders and to the citizens in the community.

CSP also partners with the BOP and D.C. entities to perform video conferencing with offenders prior to their release from a BOP institution. The video conferencing provides the offender with orientation and release preparation prior to release to CSP supervision.

**Strategic Objective 2.1: Treatment and Support Services.** The connection between substance abuse and crime has been well established. Long-term success in reducing recidivism among drug-abusing offenders, who constitute the majority of individuals under supervision, depends upon two key factors:

1. Identifying and treating drug use and other social problems among the defendant and offender population; and
2. Establishing swift and certain consequences for violations of release conditions.

CSP is committed to providing a range of treatment options to offenders under supervision. Addressing each individual's substance abuse problem through drug testing and appropriate sanction-based treatment will provide him or her with the support necessary to establish a productive, crime-free life. CSP also provides in-house adult literacy, vocational and employment counseling, anger management, and life skills training to help offenders develop the skills necessary to sustain themselves in the community.

CSP contracts with service providers for a range of residential, outpatient, transitional housing, and sex offender treatment services using appropriated and grant resources. Contractual treatment also encompasses drug testing and ancillary services, such as mental health screening and assessments, to address the multiple needs of the population. Housing continues to be an ongoing need for offenders, particularly among the older offender population. CSP provides short-term housing, through contract providers, to a limited number of offenders who are homeless or living in acutely unstable housing situations. The amount of CSP resources available to support offender contract treatment and transitional housing has decreased significantly over the past two years due to budget reductions.

CSP also is committed to helping offenders build skills and support systems to improve their chances for success in the community. CSP aims to increase employment and improve educational achievement through both in-house service delivery and partnerships. The Vocational Opportunities for Training, Education, and Employment (VOTEE) unit assesses and responds to the individual educational and vocational needs of offenders. The unit provides adult basic education and GED preparation at our four

learning labs staffed by CSOSA Learning Lab Specialists. VOTEE also includes transitional employment programs that prepare offenders for training and/or employment, and provides job development and tracking. Additionally, CSP maintains partnerships with the Community College of the District of Columbia, the D.C. Office of the State Superintendent of Education, and the D.C. Department of Employment Services to provide literacy, workforce development services, employment training, and job placement services.

**Strategic Objective 2.2: Community Partnerships.** Establishing effective partnerships with faith institutions and community organizations helps to facilitate and enhance the delivery of reintegration services to offenders in the community. CSP's Community Relations Specialists are mobilizing the community, identifying needs and resources, building support for our programs, and establishing relationships with local law enforcement and human service agencies, as well as the faith-based community, businesses, and non-profit organizations. These efforts, formalized in Community Justice Partnerships, Community Justice Advisory Networks and the CSP/Faith Community Partnership, enhance offender supervision, increase community awareness and acceptance of CSP's work, and increase the number of jobs and services available to offenders.

**Strategy 2.1: Timely and Accurate Information.** One of CSP's key responsibilities is to produce accurate and timely information and to provide meaningful recommendations, consistent with the offender's risk and needs profile, to criminal justice decision-makers. The quality and timeliness of this information has a direct impact on public safety in the District of Columbia.

If sanctions do not restore offender compliance, or the non-compliant behavior escalates, CSP supervision CSOs inform the releasing authority (D.C. Superior Court or the U.S. Parole Commission) by filing an Alleged Violation Report (AVR). AVRs are submitted to inform the releasing authority of a violation of release conditions and to carryout follow-up conditions as imposed. An AVR is the first step toward offender re-incarceration and is always issued by CSP for a re-arrest.

The Courts and the U.S. Parole Commission also rely on CSP to provide accurate, timely, and objective pre-sentence and post-sentence investigation (PSI) reports that are used in determining the appropriate offender disposition. CSOs in CSP's Investigations, Diagnostics, and Evaluations Branch (Branch I) research and write thousands of PSI reports each year.

CSP Transitional Intervention for Parole Supervision (TIPS) CSOs in Branch I ensure that offenders transitioning directly from prison to the community or through a BOP Residential Reentry Center (RRC) receive assessment, counseling, and appropriate referrals for treatment and/or services. Prior to release, TIPS CSOs work with each offender residing in a BOP RRC to develop a Transition Plan.

### **CSP Key Performance Indicator 1 - Rearrest:**

Rearrest is a commonly used indicator of criminal activity among offenders on supervision, though it does not in itself constitute recidivism (or return to incarceration). Until FY 2008, CSP captured data only for arrests occurring in D.C. Beginning in FY 2009, increased data sharing between jurisdictions allowed CSP to also track arrests of supervised offenders in Maryland and Virginia. Additionally, in FY 2012, improved charge data from the D.C. Metropolitan Police Department (MPD) allowed CSP to distinguish between arrests made in D.C. for new crimes compared to those made for parole or probation violations. The acquisition of these data allows for more comprehensive reporting of offender rearrests.

As of September 30, 2015, roughly 20 percent of CSP's FY 2015 total supervised population had been

rearrested in D.C., MD, or VA (all charges considered) while under supervision. This rate has been steadily decreasing over the past several years.

As of September 30, 2015, 18.4 percent of supervised offenders were rearrested in D.C. (excluding MD/VA) when all charges were considered, but this percentage dropped to 14.1 percent when arrests for parole and probation violations were excluded. These data indicate that a significant number of supervised offenders are rearrested each year due to violations of release conditions, rather than for the commission of a new crime.

Data show that offenders on supervised release are consistently rearrested at a higher rate than parolees and probationers. This trend continued into FY 2015 with roughly 28 percent of supervised release offenders rearrested as of September 30, 2015 (D.C., MD, and VA; all charges considered). That said, while the rearrest rates of both probationers and supervised releases decreased from FY 2014 to FY 2015, rearrests of parolees increased by nearly one percentage point during this time. When looking at the rearrests of offenders in D.C. only by supervision type, offenders on supervised release show the largest percentage point decrease from FY 2014 to FY 2015 when arrests made for release condition violations are excluded from consideration. Although the rearrest rate of supervised release offenders remains higher than that of probationers and parolees, these data suggest that offenders on supervised release might not be committing as much new crime as previously suggested.

#### Percentage of Total Supervised Population Rearrested<sup>1</sup>, FY 2011 - FY 2015<sup>2</sup>

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Probation<sup>3</sup></b>					
<i>DC Arrests</i>	16.0%	16.1%	15.8%	17.3%	15.7%
<i>DC Arrests (new charges)<sup>4</sup></i>	N/A	11.9%	11.8%	13.4%	12.0%
<i>DC/MD/VA Arrests</i>	22.0%	20.8%	18.7%	18.6%	17.6%
<b>Parole</b>					
<i>DC Arrests</i>	17.0%	15.9%	16.8%	15.9%	16.4%
<i>DC Arrests (new charges)<sup>4</sup></i>	N/A	12.1%	11.7%	12.9%	13.1%
<i>DC/MD/VA Arrests</i>	20.0%	18.5%	18.2%	16.8%	17.7%
<b>Supervised Release</b>					
<i>DC Arrests</i>	25.0%	27.3%	28.2%	28.5%	25.6%
<i>DC Arrests (new charges)<sup>4</sup></i>	N/A	20.7%	20.1%	21.5%	19.4%
<i>DC/MD/VA Arrests</i>	30.0%	31.3%	31.0%	29.6%	27.9%
<b>Total Supervised Population</b>					
<i>DC Arrests</i>	18.0%	18.5%	18.8%	19.9%	18.4%
<i>DC Arrests (new charges)<sup>4</sup></i>	N/A	13.9%	13.7%	15.4%	14.1%
<i>DC/MD/VA Arrests</i>	23.0%	22.8%	21.5%	21.1%	20.3%

<sup>1</sup> Computed as the number of unique offenders arrested in reporting period as a function of total number of unique offenders supervised in the reporting period

<sup>2</sup> Estimates for FY2015 are preliminary

<sup>3</sup> Includes Civil Protection Order (CPO) and Deferred Sentence Agreement (DSA) cases

<sup>4</sup> Excludes arrests made for parole or probation violations.

#### **CSP Performance Indicator 2 - Drug Use:**

CSP uses drug testing to both monitor the offender's compliance with the releasing authority's requirement to abstain from drug use (and usually alcohol use as well) and to assess the offender's level of need for substance abuse treatment. CSP has an Offender Drug Testing Protocol policy that defines the schedule under which eligible offenders are drug tested. Offenders are initially drug tested at intake. Based on the results of this initial drug test, offenders can become ineligible for testing for a variety of administrative reasons, including a change in supervision status from active to warrant, the offender's case transferring from D.C. to another jurisdiction, a rearrest, or admission to a substance abuse treatment program (at which point testing is conducted by the treatment provider). The policy also includes spot

testing for those offenders on minimum supervision, as well as those who do not have histories of drug use and who have established a record of negative tests.

The Pretrial Services Agency (PSA) tests CSP drug samples obtained from offenders at four CSP illegal substance collection unit sites, and each sample may be tested for up to seven drugs (Marijuana, PCP, Opiates, Methadone, Cocaine, Amphetamines and Alcohol). Drug testing results are transmitted electronically from PSA into SMART on a daily basis and drug test results are typically available in SMART for CSO action within 48 hours after the sample is taken. In FY 2015, CSP reduced the testing of most probationers for marijuana due to changes in the District of Columbia's laws; CSP continues to test parolees and supervised releasees for marijuana.

On average, CSP drug tested 17,424 samples from 5,603 unique offenders each month in FY 2015. This is a decrease from FY 2013 when, on average, CSP drug tested 21,621 samples from 6,650 unique offenders per month.

Of the tested population, 53.1 percent tested positive for illicit drugs at least one time (excluding alcohol) in FY 2015, which is three percentage points lower than FY 2014 (when 56.3 percent tested positive).

While there is a seemingly notable increase in positive drugs tests from FY 2011 to FY 2012, this increase may largely be the result of a change in the methodology for this measure. In FY 2011, this measure was based on offenders who began the year on supervision in an active status and remained on supervision throughout the year in that status. The idea was that this would reduce "noise" around the measure by ensuring that only offenders who were available for testing would be included in the population. By stabilizing the population in this way, however, CSP likely limited its reporting pool to mainly minimum-level offenders who are often only required to spot-test. This may have an unpredictable effect on drug-testing outcomes in that, overall, this population may be less likely to test positive; however, they are generally only spot-tested when they have missed a scheduled appointment or there is a reason to believe they have been using illicit substances.

Effective in FY 2012, CSP modified this measure to include only offenders who were in active supervision status throughout the reporting month, and who were supervised at a medium, maximum or intensive level of supervision. Offenders in this status and in one of these levels of supervision are generally on more regular drug-testing schedules. This methodology provides a clearer and more accurate representation of drug use by CSP's higher-risk population, a focus that is in line with our current FY 2014–2018 Strategic Plan.

#### **Percentage of Active Tested Population Reporting at Least One Positive Drug Test, FY 2011 – FY 2015**

	<b>FY 2011<sup>1</sup></b>	<b>FY 2012<sup>2</sup></b>	<b>FY 2013<sup>2</sup></b>	<b>FY 2014<sup>2</sup></b>	<b>FY 2015<sup>2,3</sup></b>
Tests including alcohol	45.2%	(62.5%)	(61.3%)	(61.6%)	(58.1%)
Tests excluding alcohol	39.8%	(57.7%)	(56.7%)	(56.3%)	(53.1%)

<sup>1</sup> FY 2011: Only offenders who were in active status throughout the entire year, regardless of supervision level, are included in reporting.

<sup>2</sup> Beginning in FY 2012, the eligible population was revised to include offenders in active supervision status for the entire reporting month, who were supervised at a medium, maximum or intensive level. (Monthly data are appended to create a cumulative file). FY 2012-2014 data in parentheses represent the percentages derived using the new methodology.

<sup>3</sup> Data for FY 2015 are preliminary.

Data from FY 2012 through FY 2015 show that marijuana, opiate and cocaine use is most prevalent in medium- through intensive-risk offenders. Among higher-risk drug users, marijuana use has been increasing over the last several years. In FY 2012, 54 percent of offenders who tested positive did so for marijuana; this percentage increased to 62 percent by FY 2015. Roughly one-third of high-risk drug users tested positive for cocaine and opiates. Although stable over the last several years, PCP use is also an issue among high-risk drug users with nearly one in five offenders testing positive for this substance. Although a smaller percentage of high-risk drug users test positive for methadone and amphetamines, the percentage of the percentage of offenders testing positive for both these substances increased from FY 2014 to FY 2015.

CSP addresses high-risk offenders who consistently test positive for drugs by initiating actions to remove them from the community through placement in residential treatment or through graduated sanctions. CSP will continue to monitor drug use trends and their implications for drug testing procedures to ensure that tests are conducted in a manner that most effectively detects and deters use for persons under community supervision.

#### **Percentage of Active Tested Population Reporting at Least One Positive Drug Test (Excluding Alcohol), by Drug, by Fiscal Year**

<b>Drug</b>	<b>FY 2011<sup>1</sup></b>	<b>FY 2012<sup>2</sup></b>	<b>FY 2013<sup>2</sup></b>	<b>FY 2014<sup>2</sup></b>	<b>FY 2015<sup>2,3</sup></b>
Marijuana	39.1%	54.4%	58.1%	61.3%	62.3%
PCP	7.4%	19.6%	18.3%	19.9%	19.8%
Opiates	42.8%	31.4%	32.1%	29.0%	33.9%
Methadone	11.3%	2.5%	1.9%	2.1%	9.0%
Cocaine	32.5%	35.8%	31.5%	29.2%	34.0%
Amphetamines	8.4%	6.8%	8.4%	7.2%	10.1%

<sup>1</sup> FY 2011: Only offenders who were in active status throughout the entire year, regardless of supervision level, are included in reporting.

<sup>2</sup> Beginning in FY 2012, the eligible population was revised to include offenders in active supervision status for the entire reporting month, who were supervised at a medium, maximum or intensive level. (Monthly data are appended to create a cumulative file). The FY 2012 and FY 2013 data in parentheses represent the percentages derived using the new methodology.

<sup>3</sup> Data for FY 2015 are preliminary.

Note: CSP tests each offender drug sample for up to seven drugs, including alcohol. An offender/sample may not necessarily be tested for all seven drugs.

Note: Column data are not mutually exclusive. Examples: One offender testing positive for marijuana and PCP during FY 2015 will appear in the data row/percentage for both marijuana and PCP. One offender who tests positive for only marijuana on multiple occasions throughout FY 2015 will count as a value of one in the data row/percentage for marijuana.

#### **Quality and Reliability of CSP Performance Data**

Considering the importance of maintaining accurate records of all offenders under the supervision of CSP, the design and deployment of the Supervision Management Automated Record Tracking (SMART) offender case management system has been one of the Agency's top priorities since the Agency was established. SMART was first deployed in January 2002 and numerous enhancements have since been developed and successfully implemented. In FY 2009, CSP transitioned from reporting performance data from a copy of the SMART database, to reporting data from our fully implemented Enterprise Data Warehouse system, which has presented significant improvements for both data accessing and the quality of the performance measures.

## ***Pretrial Services Agency***

PSA's *mission* is to promote pretrial justice and enhance community safety.

Its *vision* is to thrive as a leader within the justice system through a diverse, inclusive and empowered workforce that embodies integrity, excellence, accountability, and innovation in the delivery of the highest quality services.

PSA supports the CSOSA strategic goals to 1) establish strict accountability and prevent the population supervised from engaging in criminal activity and 2) support the fair administration of justice by providing accurate information and meaningful recommendations to criminal justice decision-makers.

### **Strategic Outcomes**

Consistent with its mission-and the legal status of pretrial defendants-PSA's three key strategic outcomes are:

- *Minimizing rearrests* among defendants released while pending trial to help assure public safety.
- *Reducing failures to appear for scheduled court appearances* to help promote more efficient administration of justice.
- *Maximizing the number of defendants who remain on release at the conclusion of their pretrial status with no pending requests for removal or revocation at the conclusion of their pretrial status* to encourage defendant accountability.

### **Strategic Goals**

To translate the strategic goals and outcomes into operational terms, PSA has adopted four Strategic Objectives that are linked to the outcomes of promoting public safety, court appearance and defendant accountability.

**Strategic Goal 1 – *Help judicial officers make informed release and detention decisions throughout the pretrial period.*** PSA promotes informed and effective release determinations by formulating and recommending the least restrictive release conditions to reasonably assure that the defendant will appear for scheduled court dates and not pose a threat to any person or to the community while on release.

The foundation of effective pretrial supervision is based upon appropriate release conditions. The pretrial services report (PSR), or "bail report," prepared by PSA provides much of the information the judicial officer uses to determine a defendant's risk to the community and to determine what level of supervision, if any, the defendant requires. The bail report includes criminal history, lock-up drug test results, risk assessment, treatment needs and verified defendant information (residence, employment status, community ties, etc.).

PSA's pre-release process assesses both risk of rearrest and failure to appear for scheduled court appearances. The assessment process has two components:

**Risk Assessment:** PSA uses a scientifically validated risk assessment instrument (RAI) that examines relevant defendant data to help identify the most appropriate supervision levels for released defendants.

The assessment scores various risk measures and assigns weights for each item that are specific to the District's defendant population (e.g., previous failure to appear for court, previous dangerous and violent convictions, suspected substance use disorder, current relationship to the criminal justice system, among numerous others). It then generates a score that provides a guideline for determining each defendant's risk level. This risk level designation informs the recommendation made by PSA at arraignment and, for defendants released to PSA while awaiting trial, the level and nature of supervision required to reduce the risk of failure to appear in court and rearrest.

Recommendation to the Court: PSA makes recommendations for release or detention based on risk determination and statutory guidelines. If pretrial release is recommended, the Agency recommends the least restrictive conditions for each defendant given the need for public safety and reasonable assurance that the defendant will return to court. When warranted, PSA recommends to the Court a variety of release conditions including, but not limited to, drug testing, substance use disorder treatment, mental health treatment, orders to stay-away from specified persons or places, regular and frequent face-to-face contact with a PSO, halfway house placement, GPS and electronic monitoring.

**Strategic Goal 2 – *Supervise defendants to support court appearance and enhance public safety.*** PSA effectively monitors or supervises pretrial defendants—consistent with the court-ordered release conditions—to promote court appearance and public safety.

PSA supervises defendants in accordance with release conditions that are designed to minimize risk to the community and maximize the likelihood that each defendant returning to court. PSA focuses its supervision resources on defendants most at risk of violating their release conditions and employs graduated levels of supervision consistent with the defendant's identified risk level. Very low risk defendants (those released without conditions) receive only notification of court dates. Fairly low risk defendants are placed in monitoring programs that require limited contact with PSA. Medium risk defendants are placed under PSA's extensive supervision and maintain regular contact through drug testing and/or reporting to a PSO. High risk defendants may be subject to frequent contact with an assigned PSO and drug testing, curfew, electronic monitoring, substance-abuse treatment or other conditions.

Swift response to non-compliance with release conditions is at the heart of effective case management. PSA uses graduated sanctions in an attempt to modify a defendant's behavior and focuses on modifying the behaviors most closely associated with a return to criminal activity or failure to appear for court. Failure to appear for a supervisory contact, drug use, absconding from substance use disorder treatment or mental health services, and other condition violations can be precursors to serious criminal activity. Responding quickly to non-compliance is directly related to meeting the goals of reducing failures to appear and protecting the public. When violations of conditions are detected, PSA employs all available administrative sanctions, informs the Court and, when warranted, seeks judicial sanctions, including revocation of release.

#### Drug Testing, Forensic Analysis and Testimony

PSA's in-house laboratory (Lab), operated by the Office of Forensic Toxicology Services (OFTS), conducts drug testing for pretrial defendants under PSA's supervision, offenders under the CSOSA CSP (i.e., persons on probation, parole, and supervised release), as well as respondents ordered into testing by the D.C. Superior Court Family Division. The Lab is certified by the U.S. Department of Health and Human Services as being in compliance with the Clinical Laboratory Improvement Amendments (CLIA)



standards. It is staffed by professionals with credentials in forensic toxicology, forensic science, medical technology, chemistry and biology.

Annually, PSA's laboratory conducts over 2 million drug tests on nearly 350,000 urine specimens of persons on pretrial, probation, parole, and supervised release, as well as for persons whose matters are handled in the Family Court. These results are key to helping PSA and other justice agencies identify and address the substance use-related public safety risks posed by individuals under supervision.

PSA's same-day turnaround for drug test results in pretrial cases allows test results from lock-up cases to be presented to judicial officers at defendant arraignments and presentments. The OFTS can perform *spot* tests ordered by a judicial officer within a two-hour time frame through state-of-the art testing and management information systems. Laboratory personnel interpret results for new or residual use for over 1,500 individuals each month. When requested, the laboratory's toxicologists and chemists provide expert testimony in support of analytical results.

As the patterns of substance use within the D.C. criminal justice population change, PSA helps the jurisdiction remain at the forefront of the issues by developing and implementing drug testing strategies to keep pace with emerging trends. Presently, PSA is aggressively developing testing strategies to identify and appropriately respond to the use of synthetic cannabinoids in the District of Columbia.

**Strategic Goal 3 – *Integrate treatment and pro-social interventions into supervision to support court appearances and enhance public safety.*** PSA directly provides or makes referrals to effective substance use disorder, mental health, and social services that will assist in reasonably assuring that defendants return to court and do not pose a danger to the community.

PSA is committed to reducing drug-involved defendant rearrest and failure-to-appear rates through four core activities: 1) identifying and addressing illicit drug use, problematic alcohol use, and other criminogenic needs; 2) delivering and facilitating evidence-based substance use disorder treatment; 3) using motivational strategies and program incentives to encourage treatment initiation, engagement and retention; and 4) establishing swift and certain consequences for continued drug use.

Drug use and mental health issues can both contribute to public safety and flight risks. PSA has developed specialized supervision programs that include treatment as an essential component for defendants with substance use disorders, mental health disorders, or both (referred to as *dual diagnosis*). Treatment, either for substance use or mental health disorders, is provided as a supplement to – and never in lieu of – supervision. Just as defendants are assigned to supervision levels based on risk, they are assigned to supervision units that provide treatment based both on risk and need. Defendants placed in these programs have drug testing, contact, and other release conditions and are held accountable for compliance with the same.

Court-supervised, evidence-based treatment is one of the most effective tools for breaking the cycle of substance involvement and crime. In addition to public safety benefits, the community also benefits from the cost savings of providing supervision with appropriate treatment in lieu of incarceration. A study conducted by the Department of Justice found that drug courts significantly reduce drug use, crime, and costs.<sup>4</sup> PSA operates a model Drug Court and other sanction-based treatment programs, which utilize research-supported techniques as a mechanism for enhancing community safety.

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<sup>4</sup> Rossman, S., Roman, J., Zweig, J., Rempel, M., & Lindquist, C., (2011). *The Multi-Site Adult Drug Court Evaluation: Executive Summary*. Urban Institute, June 1, 2011.

PSA's specialized treatment and supervision programs offer defendants access to various treatment levels of care, modalities and interventions. Each unit provides centralized case management of defendants, with Drug Court also providing direct treatment services. This organizational structure facilitates specialized supervision practices and consistent responses to positive and problem behaviors, which lead to better interim outcomes for defendants. In addition to drug use, other factors such as unemployment, low educational attainment, and homelessness can contribute to criminal activity. PSA is looking to build relationships with a broad range of service providers to address needs that may impact criminal behavior or to provide support to defendants.

**Strategic Goal 4 – Partner with stakeholders to address defendant needs and produce better system outcomes.** PSA partners with criminal justice and other social service agencies and organizations to develop responses to crime and safety issues, hold defendants accountable, address the underlying causes of defendants' criminal behavior, and improve the quality of life for the community, victims and the defendants themselves.

### **Outcome and Performance Measurement**

PSA measures achievement of its critical outcomes through three measures:

1. Arrest-Free Rate - percentage of defendants who remain arrest-free during the pretrial release period.
2. Appearance Rate - percentage of defendants who make all scheduled court appearances during the pretrial period.
3. Continued Pretrial Release - percentage of defendants who remain on release at the conclusion of their pretrial period without a pending request for removal or revocation due to non-compliance.

#### **PSA Performance Outcomes**

<b>OUTCOMES</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Actual</b>	<b>FY 2014 Actual</b>	<b>FY 2015 Actual</b>	<b>FY 2015- 2017 Target</b>
<b>Arrest-Free Rate - Percentage of Defendants Who Remain Arrest-Free During the Pretrial Release Period</b>						
Any crimes	88%	89%	90%	89%	89%	88%
Violent crimes	99%	99%	>99%	99%	98%	98%
<b>Appearance Rate - Percentage of Defendants Who Make All Scheduled Court Appearances During the Pretrial Period</b>						
	88%	89%	88%	88%	88%	87%
<b>Continued Pretrial Release - Percentage of Defendants Who Remain on Release at the Conclusion of Their Pretrial Status Without a Pending Request</b>						

for Removal or Revocation Due to Non-compliance						
	88%	88%	87%	88%	88%	85%

## **Outcome Trends**

**Rearrest Rates** – Rearrest is the outcome most closely related to public safety. PSA identifies each defendant’s risk of rearrest and provides a corresponding level of supervision to minimize that risk. Through its automated system, PSA is alerted immediately if a defendant is rearrested in the District of Columbia so that the appropriate response can occur.

**Failure to Appear Percentages** - When defendants fail to appear (FTA) for scheduled court hearings, court resources are expended even though the case does not advance through the system. To avoid this needless expenditure of resources, PSA assists the Court by notifying defendants in writing, e-mail, text and in person of scheduled hearings.

## **F. Analysis of Agency Financial Statements**

CSOSA is required by the Accountability of Tax Dollars Act of 2004 (P.L. 107-289), Office of Management and Budget Circular (OMB) Circular A-136 (Financial Reporting Requirements) and the Agency’s AFR Policy to prepare and submit audited financial statements and interim financial statements.

The CSOSA financial statements report the financial position of the CSP and PSA entities. The financial statements have been prepared to report the financial position and results of operations of CSOSA, pursuant to requirements of 31 U.S.C. 3515(b). The financial statements and notes are included in a separate section of this document.

CSP and PSA are each responsible for their own financial transactions, however, CSP compiles and reports consolidated CSOSA financial statement information for the Agency. Preparation of interim and audited CSOSA financial statements is the joint responsibility of CSP and PSA management.

The FY 2015 CSOSA financial statements report appropriated and reimbursable budget authority.

CSOSA’s largest asset is Fund Balance with U.S. Treasury which totaled \$85,603,389 and \$65,457,243 as of September 30, 2015 and 2014, respectively. This represented 92.6 percent and 92.4 percent of total assets as of September 30, 2015 and 2014, respectively. The Fund Balance with U.S. Treasury represents all appropriated and reimbursable funds (including grant resources) CSOSA has on account with Treasury to make expenditures and pay liabilities.

Accounts Payable with the Public, Accrued Payroll & Benefits, and Accrued Unfunded Annual Leave are CSOSA’s largest liabilities, with combined amounts totaling \$17,326,617 and \$16,299,537, as of September 30, 2015 and 2014, respectively. Collectively they comprised 92.1 percent and 93.1 percent of total liabilities, as of September 30, 2015 and 2014, respectively. The increase in liabilities from one year to the next, is due in part to a higher percentage rate used to calculate the Accrued Payroll and Benefits.

CSOSA’s FY 2015 Statement of Budgetary Resources (SBR) provides information about how budgetary resources were made available as well as their status at the end of the period. Budgetary resources include, but are not limited to, new FY 2015 budget authority, unobligated balances of the five prior

fiscal years (FY 2010 – 2014) as of October 1, 2014, recoveries of prior year obligations, and any adjustments to these resources.

CSP has FY 2015 reimbursable budget authority from the following sources:

- 1) The Office of National Drug Control Policy's (ONDCP) High Intensity Drug Trafficking Area (HIDTA) grants. CSP uses HIDTA grant funds to support contract offender treatment services.
- 2) CSP reimbursable agreement with the D.C. Public Defender Service for shared occupancy costs at 633 Indiana, Avenue, NW.
- 3) CSP reimbursable agreement with the Department of Justice, Office of Justice Programs, National Institute of Justice for a reimbursable employee detail.
- 4) PSA reimbursable agreements with D.C. Superior Court and D.C. Child and Family Services for drug testing services.

The SBR reports Total Budgetary Resources of \$257,952,835 and \$247,210,474 as of September 30, 2015 and 2014, respectively. These amounts include FY 2015 Budgetary Authority of \$225,000,000 in direct annual funding, \$9,000,000 in direct 3-year funding and \$725,822 in net reimbursable transactions as of September 30, 2015, and \$226,484,000 in FY 2014 direct annual funding, \$982,343 in direct 3-year funding and \$792,373 in net reimbursable transactions as of September 30, 2014.

Total Obligations Incurred was \$231,304,986 and \$226,819,184 as of September 30, 2015 and 2014, respectively. These amounts include direct obligations of \$231,150,403 and reimbursable obligations of \$154,583 as of September 30, 2015 and \$226,026,811 and reimbursable obligations of \$792,373 as of September 2014.

CSOSA's FY 2015 Statement of Budgetary Resources shows \$209,389,873 in net outlays, an increase of \$13,442,550 from the previous year's total net outlays of \$195,947,323.

**Statement of Budgetary Resources Summary**

	FY2015			FY2014		
	CSP	PSA	CSOSA	CSP	PSA	CSOSA
<b>Budgetary Resources:</b>						
Direct	\$191,547,581	\$65,814,732	\$257,362,313	\$ 183,598,524	\$ 62,819,577	\$ 246,418,101
Reimbursable	341,255	249,267	590,522	779,811	12,562	792,373
Total	\$191,888,836	\$66,063,999	\$ 257,952,835	\$ 184,378,335	\$ 62,832,139	\$ 247,210,474
<b>Obligations Incurred:</b>						
Direct	\$167,697,293	\$63,453,110	\$231,150,403	\$ 165,828,072	\$ 60,198,739	\$ 226,026,811
Reimbursable	132,599	21,984	154,583	772,908	19,465	792,373
Total	\$167,829,892	\$ 63,475,094	\$ 231,304,986	\$ 166,600,980	\$ 60,218,204	\$ 226,819,184
<b>Net Outlays:</b>						
Gross Direct	\$148,067,368	\$62,045,909	\$ 210,113,277	\$ 144,412,933	\$ 55,419,764	\$ 199,832,697
Less: Offsetting Collections	702,923	20,481	723,404	3,854,988	30,386	3,885,374
Total	\$147,364,445	\$62,025,428	\$ 209,389,873	\$ 140,557,945	\$ 55,389,378	\$ 195,947,323

The Net Cost of Operations in FY 2014 was \$219,112,663 on CSOSA's Statement of Net Cost, an increase of \$10,654,329 over the previous year's Net Cost of Operations of \$208,458,334.

## **G. Analysis of Systems, Controls, and Legal Compliance**

### **Federal Managers' Financial Integrity Act**

The Federal Managers' Financial Integrity Act (FMFIA, P.L. 97-255) and Office of Management and Budget Circular (OMB) A-123, Management Accountability and Control, require federal agencies to conduct ongoing evaluations of the adequacy of the systems of internal accounting and administrative control, and report yearly to the President all material weaknesses found through these evaluations. The FMFIA also requires the heads of agencies to provide the President with yearly assurance that obligations and costs are in compliance with applicable law; resources are efficiently and effectively allocated for duly authorized purposes; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and managers and employees demonstrate personal integrity, ethics, competence and effective communication. To provide this report and assurance to the President, the CSOSA Director depends on information from component heads regarding their management controls.

CSOSA conducted an internal review with component heads of the adequacy of internal controls in August – September 2015. As a result of responses to this review, the CSOSA Director provides unqualified assurance that the Agency's management controls and financial systems meet the objectives of Sections 2 (Programmatic Controls) and 4 (Financial Controls) of the FMFIA for FY 2015. No material weaknesses were found in the design or operation of the internal control over financial reporting.

### **Federal Financial Management Improvement Act**

The Federal Financial Management Improvement Act (FFMIA, P.L. 104-208) and Office of Management and Budget Circular (OMB) A-127, Financial Management Systems, require federal agencies to assess compliance with Federal financial management systems requirements, standards promulgated by Federal Accounting Standards Advisory Board (FASAB), and the U.S. Standard General Ledger (USSGL) at the transaction level. CSOSA is in substantial compliance with the requirements imposed by the FFMIA.

In July 2007, CSOSA migrated to Oracle Federal Financials (Oracle), operated by the Department of the Interior's Interior Business Center (IBC). CSOSA uses Oracle to perform, control and report general ledger, funds management and payment management processes. CSOSA migrated from Oracle version 11i.10 to Release 12 in February 2012.

## **H. Limitations of the Financial Statements**

The principal financial statements have been prepared to report CSOSA's financial position and results of operations, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

## **AFR Section II: Financial Section**

### **A. Message from the Chief Financial Officer**

I am pleased to announce that for the sixteenth consecutive year, CSOSA has earned an unqualified audit opinion on its consolidated financial statements from an independent public accountant. This opinion states that the financial statements are reported fairly in accordance with U.S. generally accepted accounting principles and are free of material misstatements. FY 2015 represents the fifth consecutive year that the auditor's report on internal controls over financial reporting did not identify any material weaknesses or significant internal control deficiencies. In addition, the FY 2015 auditor's report on compliance identified no instances of non-compliance with laws, regulations, contracts and grant agreements applicable to CSOSA.

CSOSA recognizes the Government-wide funding constraints under which we currently operate. We continue to review and implement methods to operate more efficiently in order to ensure taxpayer funds are used wisely in support of our law enforcement functions in the District of Columbia. CSOSA is committed to sound financial management controls and effective use of resources and we look forward to continuing these practices in FY 2016.



Paul Girardo  
Chief Financial Officer  
November 16, 2015

## **B. FY 2015 Auditors' Reports**



## **Independent Auditor's Report**

Director of the Court Services and Offender Supervision Agency

### **Report on the Financial Statements**

We have audited the accompanying Balance Sheets of the Court Services and Offender Supervision Agency (CSOSA) as of September 30, 2015, and the related Statements of Net Cost, Changes in Net Position and Budgetary Resources for the years then ended, and notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

CSOSA management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal controls relevant to the CSOSA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriated in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CSOSA's internal controls. 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 sufficient and appropriate to provide a basis for our audit opinion.

**WILLIAMS, ADLEY & COMPANY-DC, LLP**

*Certified Public Accountants / Management Consultants*

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Court Services and Offender Supervision Agency as of September 30, 2015 and 2014, and its net cost, changes in net position and budgetary resources for the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

The financial statements of CSOSA as of September 30, 2014 were audited by other auditors who issued an unmodified opinion dated November 14, 2014.

U.S. generally accepted accounting principles require that information in Management's Discussion and Analysis and Other Information, to be presented to supplement the basic financial statements referred to in the first paragraph of this report. Such information, although not a part of the basic financial statement, is required by the Federal Accounting Standard Advisory Board as an essential part of the financial reporting.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 6, 2015, on our consideration of the CSOSA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and other matters. The purpose of those reports 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 the internal control over financial reporting nor on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audits.

*Williams, Adley & Company - DC, LLP*  
Washington, D.C.  
November 6, 2015



## **Independent Auditor's Report on Internal Control over Financial Reporting**

Director of the Court Services and Offender Supervision Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No.15-02, *Audit Requirements for Federal Financial Statements*, the balance sheets and statements of net cost, changes in net position, budgetary resources, and custodial activity of the Court Services and Offender Supervision Agency (CSOSA), as of and for the years ended September 30, 2015 and the related notes to the financial statements, which collectively comprise CSOSA's basic financial statements, and have issued our report thereon dated November 6, 2015.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CSOSA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CSOSA's internal control. Accordingly, we do not express an opinion on the effectiveness of CSOSA's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. Although not considered to be material weaknesses or significant deficiencies, we noted other matters that were communicated to management in a separate letter.

The purpose of this report is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of CSOSA's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government

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Auditing Standards in considering CSOSA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Williams, Adley & Company - DC, LLP*  
Washington, D.C.  
November 6, 2015



## Independent Auditor's Report on Compliance and Other Matters

Director of the Court Services and Offender Supervision Agency

We have audited the Principal Statements (hereinafter referred to as the "financial statements") of the Court Services and Offender Supervision Agency (CSOSA) as of and for the years ended September 30, 2015 and 2014, and have issued our report thereon dated November 6, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) audit guidance.

The management of CSOSA is responsible for complying with laws and regulations that are applicable to CSOSA. As part of obtaining reasonable assurance about whether CSOSA financial statements are free of material misstatement, we performed tests of CSOSA compliance with certain provisions of laws and regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statements amounts, and certain provisions of other laws and regulations specified in the Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*, including provisions referred to in Section 803 (a) of the *Federal Financial Management Improvement Act of 1996 (FFMIA)*. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to CSOSA. 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 of compliance described in the preceding paragraph of this report disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 15-02.

The purpose of this report is solely to describe the scope of our testing of compliance with applicable laws and regulations and the result of that testing, and not to provide an opinion on the effectiveness of CSOSA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CSOSA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Williams, Adley & Company-DC, LLP*  
Washington, D.C.  
November 6, 2015

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## C. FY 2015 Financial Statements

### Court Services and Offender Supervision Agency Balance Sheets As of September 30, 2015 and 2014 (in dollars)

	2015	2014
<b>Assets</b>		
Intragovernmental		
Fund Balance with Treasury - <b>Note 2</b>	\$ 85,603,389	\$ 65,457,243
Accounts Receivable - Federal - <b>Note 3</b>	119,178	33,970
With The Public		
Accounts Receivable - <b>Note 3</b>	-	9,491
Property, Plant and Equipment, net - <b>Note 4</b>	6,718,325	5,334,450
<b>Total Assets</b>	<b>\$ 92,440,892</b>	<b>\$ 70,835,154</b>
<b>Liabilities</b>		
Intragovernmental Liabilities:		
Accounts Payable	\$ 964,760	\$ 720,166
With The Public		
Accounts Payable	4,166,027	4,008,065
Accrued Payroll & Benefits	5,123,475	4,331,931
Actuarial FECA Liability	526,670	487,890
Accrued Unfunded Liabilities	8,037,115	7,959,541
<b>Total Liabilities - Note 5</b>	<b>\$ 18,818,047</b>	<b>\$ 17,507,593</b>
<b>Net Position</b>		
Unexpended Appropriation	\$ 75,476,845	\$ 56,416,068
Cumulative Results of Operations	(1,854,000)	(3,088,507)
<b>Total Net Position</b>	<b>\$ 73,622,845</b>	<b>\$ 53,327,561</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 92,440,892</b>	<b>\$ 70,835,154</b>

The accompanying notes are an integral part of these statements



**Court Services and Offender Supervision Agency**  
**Statements of Net Cost**  
**For the Years Ended September 30, 2015 and 2014**  
**(in dollars)**

	<b>2015</b>	<b>2014</b>
<b>Program Costs - Strategy 1.1</b>		
Intragovernmental Costs	\$ 5,713,594	\$ 4,648,034
Less Intragovernmental Revenue - <b>Note 6</b>	(54,189)	(49,334)
Intragovernmental Net Costs	\$ 5,659,405	\$ 4,598,700
Public Costs	\$ 26,287,092	\$ 26,095,964
Less Earned Revenue from Public - <b>Note 6</b>	-	739
Net Public Costs	\$ 26,287,092	\$ 26,096,703
<b>Total Net Cost Strategy 1.1</b>	<b>\$ 31,946,497</b>	<b>\$ 30,695,403</b>
<b>Program Costs - Strategy 1.2</b>		
Intragovernmental Costs	\$ 14,231,425	\$ 12,083,515
Less Intragovernmental Revenue - <b>Note 6</b>	(134,973)	(124,106)
Intragovernmental Net Costs	\$ 14,096,452	\$ 11,959,409
Public Costs	\$ 65,475,913	\$ 67,875,889
Less Earned Revenue from Public - <b>Note 6</b>	-	2,031
Net Public Costs	\$ 65,475,913	\$ 67,877,920
<b>Total Net Cost Strategy 1.2</b>	<b>\$ 79,572,365</b>	<b>\$ 79,837,329</b>
<b>Program Costs - Strategy 1.3</b>		
Intragovernmental Costs	\$ 1,991,744	\$ 1,090,837
Less Intragovernmental Revenue - <b>Note 6</b>	(18,890)	(16,573)
Intragovernmental Net Costs	\$ 1,972,854	\$ 1,074,264
Public Costs	\$ 9,163,611	\$ 6,071,023
Net Public Costs	\$ 9,163,611	\$ 6,071,023
<b>Total Net Cost Strategy 1.3</b>	<b>\$ 11,136,465</b>	<b>\$ 7,145,287</b>
<b>Program Costs - Strategy 2.1</b>		
Intragovernmental Costs	\$ 9,161,171	\$ 9,175,930
Less Intragovernmental Revenue - <b>Note 6</b>	(86,886)	(229,077)
Intragovernmental Net Costs	\$ 9,074,285	\$ 8,946,853
Public Costs	\$ 42,148,699	\$ 51,543,050
Less Earned Revenue from Public - <b>Note 6</b>	-	1,542
Net Public Costs	\$ 42,148,699	\$ 51,544,592
<b>Total Net Cost Strategy 2.1</b>	<b>\$ 51,222,984</b>	<b>\$ 60,491,445</b>
<b>Program Costs - Strategy 2.2</b>		
Intragovernmental Costs	\$ 2,560,035	\$ 1,639,114
Less Intragovernmental Revenue - <b>Note 6</b>	(24,280)	(21,584)
Intragovernmental Net Costs	\$ 2,535,755	\$ 1,617,530
Public Costs	\$ 11,778,203	\$ 9,160,003
Less Earned Revenue from Public - <b>Note 6</b>	-	122
Net Public Costs	\$ 11,778,203	\$ 9,160,125
<b>Total Net Cost Strategy 2.2</b>	<b>\$ 14,313,958</b>	<b>\$ 10,777,655</b>
<b>Program Costs - Strategy 3.1</b>		
Intragovernmental Costs	\$ 5,530,076	\$ 2,979,011
Less Intragovernmental Revenue - <b>Note 6</b>	(52,448)	(47,407)
Intragovernmental Net Costs	\$ 5,477,628	\$ 2,931,604
Public Costs	\$ 25,442,766	\$ 16,579,611
Net Public Costs	\$ 25,442,766	\$ 16,579,611
<b>Total Net Cost Strategy 3.1</b>	<b>\$ 30,920,394</b>	<b>\$ 19,511,215</b>
<b>Net Cost of Operations</b>	<b>\$ 219,112,663</b>	<b>\$ 208,458,334</b>

The accompanying notes are an integral part of these statements

**Court Services and Offender Supervision Agency**  
**Statements of Changes in Net Position**  
**For the Years Ended September 30, 2015 and 2014**  
(in dollars)

	<b>2015</b>	<b>2014</b>
<b>CUMULATIVE RESULTS OF OPERATIONS</b>		
Beginning Balance	\$ (3,088,507)	\$ (2,207,277)
<b>Budgetary Financing Sources:</b>		
Appropriations Used	210,478,734	195,868,733
Imputed Financing - Note 8	9,868,436	11,708,371
<b>Total Financing Sources</b>	<b>\$ 220,347,170</b>	<b>\$ 207,577,104</b>
<b>Net Cost of Operations</b>	<b>219,112,663</b>	<b>208,458,334</b>
<b>Ending Cumulative Results of Operations</b>	<b>\$ (1,854,000)</b>	<b>\$ (3,088,507)</b>
 <b>UNEXPENDED APPROPRIATIONS</b>		
Beginning Balance	\$ 55,468,374	\$ 31,919,185
Adjustment to Beginning Balance	947,694	-
	<b>\$ 56,416,068</b>	<b>\$ 31,919,185</b>
<b>Budgetary Financing Sources</b>		
Appropriations Received	234,000,000	226,484,000
Canceled Funds	(4,460,489)	(6,118,385)
Appropriations Used	(210,478,734)	(195,868,732)
<b>Total Financing Sources</b>	<b>\$ 19,060,777</b>	<b>\$ 24,496,883</b>
<b>Ending Unexpended Appropriations</b>	<b>\$ 75,476,845</b>	<b>\$ 56,416,068</b>
 <b>ENDING TOTAL NET POSITION</b>	 <b>\$ 73,622,845</b>	 <b>\$ 53,327,561</b>

The accompanying notes are an integral part of these statements

**Court Services and Offender Supervision Agency**  
**Statements of Budgetary Resources**  
**For the Years Ended September 30, 2015 and 2014**  
(in dollars)

	2015	2014
<b>Budgetary Resources</b>		
Unobligated Balance brought forward, October 1	\$ 20,391,290	\$ 20,782,291
Recoveries of Prior Year Obligations:	7,435,004	1,965,060
Other changes in unobligated balances	(4,463,981)	(6,108,517)
Unobligated Balance from prior year Budget Authority, Net	23,362,313	16,638,834
Appropriation	234,590,522	230,571,640
<b>Total Budgetary Resources</b>	<b>\$ 257,952,835</b>	<b>\$ 247,210,474</b>
<b>Status of Budgetary Resources</b>		
Obligations Incurred	\$ 231,304,986	\$ 226,819,184
Unobligated Balance, end of year		
Apportioned	\$ 12,772,749	\$ 5,345,339
Unapportioned	13,875,100	15,045,951
Total Unobligated Balance, end of year	26,647,849	20,391,290
<b>Total Budgetary Resources</b>	<b>\$ 257,952,835</b>	<b>\$ 247,210,474</b>
<b>Change in Obligated Balances</b>		
Unpaid Obligations:		
Unpaid obligations, brought forward, October 1	\$ 45,578,565	\$ 20,557,138
Obligations incurred	231,304,986	226,819,184
Outlays (gross)	(210,113,277)	(199,832,697)
Recoveries of prior year unpaid obligations	(7,435,004)	(1,965,060)
<b>Unpaid Obligations, end of year</b>	<b>\$ 59,335,270</b>	<b>\$ 45,578,565</b>
Uncollected Payments:		
Uncollected pymts, Fed Sources, brought forward Oct 1	\$ (512,613)	\$ (310,347)
Change in Uncollected pymts, Fed Sources	132,882	(202,266)
Uncollected pymts, Fed Sources, end of year	<b>\$ (379,731)</b>	<b>\$ (512,613)</b>
Memorandum (non-add) entries:		
Obligated balance, start of year	\$ 45,065,952	\$ 20,246,791
Obligated balance, end of year	<b>\$ 58,955,539</b>	<b>\$ 45,065,952</b>
<b>Budget Authority and Outlays, Net:</b>		
Budget authority, gross	\$ 234,590,522	\$ 230,571,640
Actual offsetting collections	(723,404)	(3,885,374)
Change in uncollected customer pymts from Fed sources	132,882	(202,266)
<b>Budget authority, net</b>	<b>\$ 234,000,000</b>	<b>\$ 226,484,000</b>
<b>Net Outlays</b>		
Outlay, gross	\$ 210,113,277	\$ 199,832,697
Actual offsetting collections	(723,404)	(3,885,374)
<b>Outlays, net</b>	<b>\$ 209,389,873</b>	<b>\$ 195,947,323</b>

The accompanying notes are an integral part of these statements



## D. Notes to the FY 2015 Financial Statements

### Note 1: Summary of Significant Accounting Policies:

#### Description of Entity

The Court Services and Offender Supervision Agency (CSOSA) for the District of Columbia was established in 2000 as an independent Federal agency, by the National Capital Revitalization and Self-Government Improvement Act (the Act). Pursuant to the Act, CSOSA assumed the District of Columbia (D.C.) pretrial services, adult probation, and parole supervision functions. CSOSA's mission is to increase public safety, prevent crime, reduce recidivism and support the fair administration of justice in close collaboration with the community.

The majority of the Agency's funding comes from appropriations. Additional funding is provided through grants from the Office of National Drug Control Policy (ONDCP) through the State of Maryland. This additional funding consists of reimbursement work performed by CSOSA on behalf of the requesting entity.

The CSOSA reporting entity is comprised of the following components:

- The Community Supervision Program (CSP), which provides supervision of adult offenders on probation, parole, or supervised release.
- The Pretrial Services Agency (PSA), which assists the trial and appellate levels of both the Federal and local courts in determining eligibility for pretrial release by providing background information on all arrestees.

The CSOSA appropriation supports both the CSP and PSA.

In FY 2015, the Agency was appropriated \$234,947,694 from Congress, of which the following allotment was made:

	<u>Appropriation</u>	<u>Multi-Year</u>	<u>TOTAL FY 2015</u>	<u>TOTAL FY 2014</u>
CSP	\$164,155,000	\$9,000,000	\$173,155,000	\$167,269,000
PSA	60,845,000	947,694	61,792,694	60,697,343
Total	\$225,000,000	\$9,947,694	\$234,947,694	\$227,966,343

#### Basis of Presentation

These financial statements have been prepared from the accounting records of CSOSA in conformance with U.S. generally accepted accounting principles (GAAP) and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in Revised Circular No. A-136, *Financial Reporting Requirements*. GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official body for setting the accounting standards of the U.S. government.

#### Basis of Accounting

Transactions are recorded on an accrual and a budgetary basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, regardless of when cash is exchanged. Under the federal budgetary basis of accounting, funds availability is recorded based upon legal considerations and constraints. Budget authority is the authority provided by federal law to incur financial obligations that will result in outlays or expenditures.

## **Note 1: Summary of Significant Accounting Policies (con't)**

### **Revenues and Other Financing Sources**

CSOSA receives the majority of funding needed to support its programs through Congressional appropriations. CSOSA receives an annual appropriation that may be used, within statutory limits, for operating and capital expenditures. Additional funding is provided through grants from the ONDCP. Revenues are recognized at the time related program or administrative expenses are incurred. CSOSA reviews and classifies inter-agency agreements as either exchange or transfers-in based on the nature of the agreement.

### **Fund Balance with Treasury**

Funds with the Treasury represent primarily appropriated funds available to pay current liabilities and finance future authorized purchases. The Treasury, as directed by authorized certifying officers, processes receipts and disbursements on behalf of CSOSA. CSOSA does not maintain cash in commercial bank accounts nor does CSOSA maintain an imprest fund.

### **Accounts Receivable**

Accounts receivable consists of receivables and reimbursements due from Federal agencies and others. Generally, intragovernmental accounts receivable are considered fully collectible.

### **Property, Plant and Equipment**

Property and equipment is recorded at cost and is depreciated using the straight-line method over the useful life of the asset, when the estimated useful life of an asset is two or more years. Leasehold improvements are capitalized when the improvements are made and amortized over the remaining term of the lease agreement. CSOSA has established capitalization thresholds of \$100,000 for leasehold improvements and \$25,000 for equipment. Other property items, normal repairs, and maintenance are expensed as incurred. Internal use software is capitalized when developmental phase costs or enhancement costs are \$500,000 or more and the asset has an estimated useful life of two or more years.

### **Advances and Prepayments**

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and are recognized as expenditures/expenses when the related goods and services are received.

### **Liabilities**

Liabilities represent the monies or other resources that are likely to be paid by CSOSA as the result of a transaction or event that has already occurred. However, no liability can be paid absent the proper budget authority. Liabilities that are not funded by the current year appropriation are classified as liabilities not covered by budgetary resources.

## **Note 1: Summary of Significant Accounting Policies (con't)**

### **Contingencies and Commitments**

CSOSA is a party to various administrative proceedings, legal actions and claims. A liability is recognized as an unfunded liability for any legal actions where unfavorable decisions are considered “probable” and an estimate for the liability can be made. Contingent liabilities that are considered “reasonably possible” are disclosed in the notes to the financial statements. Liabilities that are considered “remote” are not recognized in the financial statements or disclosed in the notes to the financial statements.

### **Annual, Sick and Other Leave**

Annual and compensatory leave is accrued, as an unfunded liability, as it is earned. Each year the accrued unfunded annual leave liability account is adjusted to reflect the current unfunded leave earned and the current pay rates. To the extent current or prior year appropriations are not available to fund annual and compensatory leave earned, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expensed as taken.

### **Interest on Late Payments**

Pursuant to the Prompt Payment Act, 31 U.S.C. 3901-3907, CSOSA pays interest on payments for goods or services made to business concerns after the due date. The due date is generally 30 days after receipt of a proper invoice or acceptance of the goods or services, whichever is later.

### **Retirement Plans**

CSOSA participates in the retirement plans offered by the Office of Personnel Management (OPM) and does not maintain any private retirement plans. CSOSA employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). For employees covered by the CSRS, CSOSA contributes 7.0 percent of the employees’ gross pay for normal retirement and 7.5 percent for law enforcement retirement. For employees covered by the FERS, CSOSA contributes 13.2 percent of employees’ gross pay for normal retirement and 28.8 percent for law enforcement retirement. All employees are eligible to contribute to the Federal Thrift Savings Plan (TSP). For employees covered by the FERS, a TSP account is automatically established and CSOSA is required to contribute 1 percent of gross pay to this plan and match employee contributions up to 4 percent. No matching contributions are made to the TSPs established by CSRS employees. CSOSA does not report CSRS or FERS assets, accumulated plan benefits or unfunded liabilities, if any, which may be applicable to its employees, such reporting is the responsibility of OPM. The Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, requires employing agencies to recognize the cost of pensions and other retirement benefits during their employees’ active years of service, see Note 8 *Imputed Financing Sources* for additional details.

### **Federal Employees Compensation Benefits**

The Federal Employees Compensation Act (FECA) provides income and medical cost protection to cover Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The total FECA liability consists of an actuarial and an accrued portion as discussed below.

## Note 1: Summary of Significant Accounting Policies (con't)

**Actuarial Liability:** The U.S. Department of Labor (DOL) calculates the liability of the Federal Government for future compensation benefits, which includes the expected liability for death, disability, medical and other approved costs. The liability is determined using the paid-losses extrapolation method calculated over the next 37-year period. This method utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments are discounted to present value. The resulting Federal Government liability is then distributed by agency. The portion of this liability (if any) would include the estimated future cost of death benefits, workers' compensation, medical and miscellaneous cost for approved compensation cases for CSOSA employees. Due to the size of CSOSA, DOL does not report CSOSA separately.

The FECA actuarial liability (if any) is recorded for reporting purposes only. This liability constitutes an extended future estimate of cost, which will not be obligated against budgetary resources until the fiscal year in which the cost is actually billed.

**Accrued Liability:** The accrued FECA liability (if any) is the amount owed to DOL for the benefits paid from the FECA Special Benefits Fund which CSOSA has not yet reimbursed.

### **Earmarked Funds**

Earmarked funds are financed by specifically identified revenues that remain available over time and are required by statute to be used for designated activities, benefits or purposes. FASAB SFFAS No. 27, *Identifying and Reporting Earmarked Funds*, requires the separate identification of earmarked funds on the Corporation's accompanying financial statements. CSOSA management has determined that none of its funds are considered to be earmarked.

### **Use of Estimates**

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## ***Note 2: Fund Balance with Treasury***

The Fund Balance with Treasury amount represents the unexpended cash balance of CSOSA's Treasury Symbols and consists of the following as of September 30, 2015 and 2014:

<b>Fund Balance</b>	<b>CSP</b>	<b>PSA</b>	<b>Total FY 2015</b>	<b>Total FY 2014</b>
Appropriated Funds	\$74,941,438	\$10,661,951	\$85,603,389	\$65,457,243

**Note 2: Fund Balance with Treasury (con't)**

Status of the Fund Balance with Treasury consists of the following as of September 30, 2015 and 2014:

<b>Status of Fund Balance</b>	<b>CSP</b>	<b>PSA</b>	<b>Total FY 2015</b>	<b>Total FY 2014</b>
Unobligated Balance				
Available	\$12,384,030	\$388,719	\$12,772,749	\$5,345,339
Unavailable	11,674,915	2,200,185	13,875,100	15,045,951
Obligated Balance not yet Disbursed	51,255,623	8,079,647	59,335,270	45,099,923
Less: Reimbursable Obligations	(260,552)	-0-	(260,552)	-0-
Less: Accounts Receivable	(112,578)	(6,600)	(119,178)	(33,970)
<b>Total</b>	<b>\$74,941,438</b>	<b>\$10,661,951</b>	<b>\$85,603,389</b>	<b>\$65,457,243</b>

The Status of Fund Balance may differ from the Fund Balance due to reimbursable obligations that are in an Obligated Balance not yet Disbursed and/or Accounts Receivable status.

**Note 3: Accounts Receivable**

CSOSA's Accounts Receivable consists of services provided in conjunction with reimbursable grants from the ONDCP and the D.C. Superior Court and Child and Family Services. The Receivables consists of the following:

<b>Receivables</b>	<b>CSP</b>	<b>PSA</b>	<b>Total FY 2015</b>	<b>Total FY 2014</b>
Federal Receivable	\$112,578	\$6,600	\$119,178	\$37,387
Public Receivable	-0-	-0-	-0-	6,074
<b>Total Receivables</b>	<b>\$112,578</b>	<b>\$6,600</b>	<b>\$119,178</b>	<b>\$43,461</b>

**Note 4: General Property, Plant and Equipment, Net**

Equipment consists of laboratory equipment used for the purpose of drug testing related to CSOSA's mission to supervise offenders. Equipment also includes general office equipment used to support CSOSA administratively. Leasehold improvements represent modification made to leased assets to meet CSOSA's specific needs. The Supervision Management Automated Record Tracking system (SMART) is CSOSA CSP's Internal Use Software. SMART was developed in-house and is consistently being updated and enhanced. These enhancements enable CSOSA to better track the individuals under CSOSA's jurisdiction. The Pretrial Real Time Information System Manager (PRISM) is PSA's Internal-Use Software. PRISM provides electronic information on bench warrants that have been issued for defendants who failed to appear for Court. Through the Data Warehouse, PSA is able to extract aggregate performance information from PRISM on rearrest and failure to appear (FTA). PRISM is consistently being reviewed and updated.

**Note 4: General Property, Plant and Equipment, Net (con't)**

Property, Plant and Equipment balances as of September 30, 2015 and 2014 are as follows:

CSP	Estimated Useful Life	Purchase Cost	Accumulated Depreciation	Net Book Value FY 2015	Net Book Value FY 2014
Equipment	5yrs	\$3,649,792	\$2,806,565	\$843,227	\$ 231,431
Leasehold Improvements	Based on life of lease	2,152,617	1,806,629	345,988	594,639
Internal Use Software	2yrs	19,436,273	18,153,820	1,282,453	1,231,059
<b>Total CSP</b>		<b>\$25,238,682</b>	<b>\$22,767,014</b>	<b>\$2,471,668</b>	<b>\$2,057,129</b>

PSA	Estimated Useful Life	Purchase Cost	Accumulated Depreciation	Net Book Value FY 2015	Net Book Value FY 2014
Equipment	5yrs	\$1,853,215	\$968,829	\$884,386	\$287,822
Leasehold Improvements	Based on life of lease	704,958	147,246	557,712	68,922
Internal Use Software	2yrs	7,272,689	4,468,130	2,804,559	2,804,559
Construction in Process		-0-	-0-	-0-	116,018
<b>Total PSA</b>		<b>\$9,830,862</b>	<b>\$5,584,205</b>	<b>\$4,246,657</b>	<b>\$3,277,321</b>
<b>Total CSOSA</b>		<b>\$35,069,544</b>	<b>\$28,351,219</b>	<b>\$6,718,325</b>	<b>\$5,334,450</b>

**Note 5: Liabilities Not Covered by Budgetary Resources**

Liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. Liabilities not covered by budgetary resources include Accrued Unfunded Annual Leave earned but not used as of September 30. The accrued unfunded annual leave liability is adjusted as leave is earned and used throughout the year. The expenditure for these accruals will be funded from future Congressional actions as the expenses are incurred. The annual net change of the Accrued Unfunded Annual Leave is reflected in Note 12: *Reconciliation of Net Cost of Operations (proprietary) to Budget*. Liabilities not covered by Budgetary Resources consists of the following as of September 30, 2015 and 2014:

	CSP	PSA	Total FY 2015	Total FY 2014
Accrued Unfunded Liability	\$5,647,817	\$2,389,298	\$8,037,115	\$7,959,541
Actuarial FECA Liability	420,897	105,773	526,670	487,890
<b>Total Liabilities Not Covered by Budgetary Resources</b>	<b>\$6,068,714</b>	<b>\$2,495,071</b>	<b>\$8,563,785</b>	<b>\$8,447,431</b>
<b>Total Liabilities Covered by Budgetary Resources</b>	<b>8,210,149</b>	<b>2,044,113</b>	<b>10,254,262</b>	<b>9,060,162</b>
<b>Total Liabilities</b>	<b>\$14,278,863</b>	<b>\$4,539,184</b>	<b>\$18,818,047</b>	<b>\$17,507,593</b>

**Note 6: Exchange/Earned Revenue**

CSOSA earns exchange revenue through inter-agency agreements with other Federal and state entities for which CSOSA provides grant administration services. Revenues are recognized at the time related program or administrative expenses are incurred. CSOSA reviews and classifies their inter-agency agreements as either exchange or transfers in. Revenues consist of the following as of September 30, 2015 and 2014:

**Note 6: Exchange/Earned Revenue (con't)**

Exchange/Earned Revenue	Intragovernmental Revenue	Total FY 2015	Total FY 2014
CSP	\$350,658	\$350,658	\$479,214
PSA	21,007	21,007	4,433
<b>Total CSOSA</b>	<b>\$371,665</b>	<b>\$371,665</b>	<b>\$483,647</b>

**Note 7: Leases**

Operating leases have been established for multiple years. Many of the operating leases that expire over an extended period of time include an option to renew the lease for additional periods. The majority of space that CSOSA leases is based on the GSA square footage requirements and the rental charges are intended to approximate commercial rates. It is anticipated that, in most cases, CSOSA will continue to lease space.

Future Operating Lease Payments Due	
Fiscal Year 2016	\$10,636,252
Fiscal Year 2017	10,070,184
Fiscal Year 2018	8,283,316
Fiscal Year 2019	8,308,572
Fiscal Year 2020	8,527,641
Fiscal Year 2021 and beyond	14,257,168
<b>Total Future Operating Lease Payments Due</b>	<b>\$60,083,133</b>

**Note 8: Imputed Financing Sources**

Imputed financing recognizes actual cost of future benefits to employees, the Federal Employees Health Benefits Program (FEHB), the Federal Employees Group Life Insurance Program (FEGLI), and the Retirement Plans that are paid by other Federal entities. SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, requires that employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires OPM to provide cost factors necessary to calculate these costs. OPM actuaries calculate the value of pension benefits expected to be paid in the future, and then determine the total funds to be contributed by and for covered employees. For "regular" and "law enforcement" employees of FERS and CSRS, OPM calculated that 14.8 percent and 32.8 percent for FERS and 33.4 percent and 49.5 percent for CSRS, respectively, of each employee's salary would be sufficient to fund these projected pension benefit costs. The cost to be paid by other agencies is the total calculated future costs, less employee and employer contributions. In addition, other retirement benefits, which include health and life insurance that are paid by other Federal entities, must also be disclosed.

Imputed financing sources consists of the following as of September 30, 2015 and 2014:

	CSP	PSA	Total FY 2015	Total FY 2014
FEHB	\$3,923,362	\$1,692,151	\$5,615,513	\$5,455,804
FEGLI	13,597	3,761	17,358	18,307
Pensions	2,835,723	1,399,843	4,235,566	6,234,260
<b>Total</b>	<b>\$6,772,682</b>	<b>\$3,095,755</b>	<b>\$9,868,437</b>	<b>\$11,708,371</b>

## Note 9: Contingencies and Commitments

CSOSA is a party to various administrative proceedings, legal actions and claims. As of September 30, the estimated amount of losses relating to the cases classified as probable range from \$1 to \$100,000 and the estimated amount of losses relating to the cases classified as reasonably possible range from \$1 to \$2,500,000. There are a total of 4 cases classified as either probable or reasonably possible. Included in these 4 cases there is 1 case that is being disclosed because the amount of the potential loss cannot be estimated. As stated in SFFAS5, "A contingent liability should be disclosed if any of the conditions for liability recognition are not met and there is at least a reasonable possibility that a loss or an additional loss may have been incurred".

## Note 10: Apportionment Categories of Obligations Incurred

An apportionment is a distribution made by OMB of budgetary resources. A Category A apportionment distributes budgetary resources by time period (generally fiscal quarter). CSOSA's direct and reimbursable obligations incurred against amounts apportioned under Category A apportionments during fiscal year 2015 are:

<b>Fiscal Year September 30, 2015 Obligations Apportioned Under:</b>	<b>Direct Obligations</b>	<b>Reimbursable Obligations</b>	<b>Total FY 2015</b>	<b>Total FY 2014</b>
<b><u>CSP</u></b>				
Category A	\$167,675,302	\$154,590	\$167,829,892	\$166,600,980
<b><u>PSA</u></b>				
Category A	63,472,575	2,519	63,475,094	60,218,204
<b>Total</b>	<b>\$231,147,877</b>	<b>\$157,109</b>	<b>\$231,304,986</b>	<b>\$226,819,184</b>

## Note 11: Explanation of Differences Between the Statement of Budgetary Resources and the 2013 Budget of the United States Government

CSOSA reports information about budgetary resources in the accompanying Combined Statements of Budgetary Resources (SBR) and for presentation in the Budget of the U.S. Government (President's Budget). The President's Budget for fiscal year 2015, which contain actual budget results for fiscal year 2013, was released in March 2014.

There were no material differences between the amounts for fiscal year 2014 published in the President's FY 2016 Budget and that reported in the accompanying SBRs for the fiscal year ending on September 30, 2014 for obligations incurred or net outlays. For budgetary resources, the difference can be attributed to the fact that unobligated balances brought forward for expired funds are reported in the SBR, but not in the President's Budget. The following is the reconciliation of the 2014 SBR to the 2015 President's budget.

<b>Fiscal Year 2014</b>	<b>Budget Resources</b>	<b>Obligations Incurred</b>	<b>Net Outlays</b>
Combined Statement of Budgetary Resources:	\$247	\$227	\$196
Differences:			
Prior Year Unobligated brought forward	(21)		
Prior Year Collections from offsetting collections	(4)		
Other	4		
Budget of the United States	\$226	\$227	\$196



## Note 12: Reconciliation of Net Cost of Operations (proprietary) to Budget

The following is provided as a reconciliation of budgetary obligations and non-budgetary resources, as of September 30, 2015 and 2014.

Resources used to Finance Activities: Budgetary Resources Obligated	2015	2014
Total Obligations Incurred	\$231,304,986	\$226,819,184
Less: Spending Authority from Off-setting collections and recoveries		
Earned Reimbursements		
Collected	723,404	3,885,375
Receivable from Federal Sources	85,207	(133,366)
Change in Unfilled Customers Orders without Advance	(218,089)	335,632
Recoveries of Prior Year Obligations	7,435,004	1,965,060
Total Spending Authority from Off-setting collections and recoveries	\$8,025,526	\$6,052,701
Obligations Net of Offsetting Collections and Recoveries	\$223,279,460	\$220,766,483
Net Obligations	\$223,279,460	\$220,766,483
Other Resources		
Imputed Financing from Costs Absorbed by Others	9,868,436	11,708,371
Net Other Resources	\$9,868,436	\$11,708,371
Total Resources Used to Finance Activities	\$233,147,896	\$232,474,854
Resources Used to Finance Items not part of the Net Cost of Operations		
Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but not yet Provided	(\$12,780,694)	(\$24,842,975)
Resources that Finance the Acquisition of Assets	(2,164,581)	(889,237)
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	(\$14,945,275)	(\$25,732,212)
Total Resources used to Finance the Net Cost of Operations	\$218,202,621	\$206,742,642
Components of Net Cost of Operations that will not require or generate resources in the current period		
Components Requiring or Generating Resources in Future Periods		
Change in Annual Leave Liability	100,373	57,571
Increase in Exchange Revenue Receivable from the Public	-0-	24,974
Change in Other	15,982	47,575
Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods	\$166,355	\$130,120
Components not Requiring or Generating Resources		
Depreciation and Amortization	1,221,928	1,501,643
Other	(428,241)	83,929
Total Components of Net Cost of Operations that will not Require or Generate Resources	\$793,687	\$1,585,572
Total Components of Net Cost of Operations that will not Require or Generate Resources in the Current Period	\$910,042	\$1,715,692
Net Cost of Operations	\$219,112,663	\$208,458,334

## Note 13: Undelivered Orders at the end of the Period

CSOSA had Undelivered Orders totaling \$49,081,008 as of September 30, 2015.

## AFR Section III: Other Information

### Summary of Financial Statement Audit and Management Assurances

The tables below summarize material weaknesses identified by the financial statement audit and/or by the Agency through Federal Managers' Financial Integrity Act (FMFIA) and Federal Financial Management Improvement Act (FFMIA) management assurances. There were no material weaknesses identified by the auditors or management for FY 2015.

#### Summary of Financial Statement Audit:

<b>FY 2015 Audit Opinion:</b>		Unqualified			
<b>Restatement:</b>		No			
<u>Material Weakness</u>	<u>Beginning Balance</u>	<u>New</u>	<u>Resolved</u>	<u>Consolidated</u>	<u>Ending Balance</u>
NA	0	0	0	0	0
<b><i>Total Material Weaknesses</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Summary of Management Assurances:

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)					
FY 2015 Statement of Assurance:		Unqualified			
<u>Material Weakness</u>	<u>Beginning Balance</u>	<u>New</u>	<u>Resolved</u>	<u>Consolidated</u>	<u>Ending Balance</u>
NA	0	0	0	0	0
<i>Total Material Weaknesses</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Effectiveness of Internal Control over Operations (FMFIA § 2)					
FY 2015 Statement of Assurance:		Unqualified			
<u>Material Weakness</u>	<u>Beginning Balance</u>	<u>New</u>	<u>Resolved</u>	<u>Consolidated</u>	<u>Ending Balance</u>
NA	0	0	0	0	0
<i>Total Material Weaknesses</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Conformance with Financial Management System Requirements (FMFIA § 4)					
FY 2015 Statement of Assurance:		Systems conform to financial management system requirements			
<u>Material Weakness</u>	<u>Beginning Balance</u>	<u>New</u>	<u>Resolved</u>	<u>Consolidated</u>	<u>Ending Balance</u>
NA	0	0	0	0	0
<b><i>Total Material Weaknesses</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Compliance with Federal Financial Management Improvement Act (FFMIA)</b>		
	<b>Agency</b>	<b>Auditor</b>
Overall Substantial Compliance	Yes	Yes
1. System Requirements	Yes	
2. Accounting Standards	Yes	
3. USSGL at the Transaction Level	Yes	

### **Improper Payments**

The Improper Payment Information Act (IPIA) of 2002 (P.L. 107-300), as amended by the Improper Payments Elimination and Recovery Act (IPERA) of 2010 (P.L. 111-204) and the Improper Payment Elimination and Recovery Improvement Act of 2012 (IPERIA), extends erroneous payment reporting and Do Not Pay (DNP) requirements to all Federal programs and activities. IPERA and IPERIA require that agencies examine the risk of erroneous payments in all programs and activities they administer. CSOSA consists of two programs: CSP and PSA. IPERIA also identifies DNP pre-award and pre-payment review requirements.

Agencies are required to review annually all programs and activities they administer and identify those that may be susceptible to significant erroneous payments. Given the inherent risks of the CSP and PSA programs, internal controls, the results of prior financial audits, and CSP internal testing of its FY 2015 payment transactions (to include payments made by credit card and payments made to employees), CSOSA has determined that neither program poses the risk of improper payments exceeding both 1.5% and \$10 million. In FY 2015, CSOSA complied with DNP pre-award and pre-payment review requirements initiated by our financial SSP, DOI IBC.

### **Schedule of Spending**

The Schedule of Spending (SOS) presents an overview of how and where agencies are spending money. The SOS presents total budgetary resources, gross outlays, and fiscal year-to-date total obligations for the reporting entity. At this time, the non-federal information cannot be broken down into the various categories. The following is CSOSA's SOS:

Court Services and Offender Supervision Agency  
Schedule of Spending  
For the Years Ended September 30, 2015 and 2014

	2015	2014
<b>What Money is Available to be Spent</b>		
Total Resources	\$ 257,952,835	\$ 247,210,474
Less Amount Available but Not Agreed to be Spent	12,772,749	5,345,339
Less Amount Not Available to be Spent	13,875,100	15,045,951
<b>Total Amounts Agreed to be Spent</b>	<b>\$ 231,304,986</b>	<b>\$ 226,819,184</b>
<b>How was the Money Spent</b>		
Category A		
Personnel Compensation	\$ 105,299,621	\$ 104,480,686
Personnel Benefits	42,685,513	39,797,352
Travel and Transportation	1,182,991	1,176,538
Transportation of Things	107,926	238,037
Rent, Communication and Utilities	20,085,673	18,754,866
Printing and Reproductions	41,792	85,885
Other Contractual Services	42,402,383	47,288,803
Supplies and Materials	3,070,646	3,976,226
Equipment	6,423,498	3,336,423
Land and Structures	610,743	2,780,812
Other	9,394,199	4,903,557
<b>Total Amounts Agreed to be Spent</b>	<b>\$ 231,304,986</b>	<b>\$ 226,819,184</b>
<b>Who did the Money go to</b>		
Federal	\$ 7,578,221	\$ 6,532,768
Non-Federal	223,726,765	220,286,416
<b>Total Amounts Agreed to be Spent</b>	<b>\$ 231,304,986</b>	<b>\$ 226,819,184</b>