Court Services and Offender Supervision Agency for the District of Columbia

FY 2016 Agency Financial Report

November 15, 2016

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 2016 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, 2015 through September 30, 2016. 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 2016 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 2016 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 achieving our strategic goals and enhancing public safety. CSP strives to decrease recidivism among our offender population by continuing to develop, implement and evaluate effective evidence-based offender supervision programs and techniques. In FY 2016, CSP saw stability in our long-term outcome measures related to improving public safety in the District of Columbia: revocation rates and successful completion rates were comparable to FY 2015. 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, 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 2016, CSOSA is issuing an AFR and will include our complete FY 2016 Annual Performance Report with our FY 2018 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 2016 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 and in conformity with generally accepted accounting principles. CSOSA's FY 2016 internal evaluation concerning the adequacy of the Agency's management controls did not identify material control weaknesses. CSOSA's evaluation of our financial management system determined compliance with Federal financial management systems requirements, accounting standards and the United States Standard General Ledger at the transaction level. In addition, the FY 2016 financial audit did not identify any financial reporting control deficiencies.

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We are committed to managing CSOSA's 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 2016 AFR.

Nancy Ware

Nancy Ware
Director
November 15, 2016

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[1]). 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 2016, 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 2016 Annual Performance Report with its FY 2018 Congressional Budget Justification and will post it on the CSOSA web site, located at www.csosa.gov, in 2017.

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 the 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 adult defendants.

[1] 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 2016, CSP supervised approximately 11,000 offenders on any given day and 16,996 different offenders over the course of the year. There were 6,248 offenders who entered CSP supervision in FY 2016; 4,827 men and women sentenced to probation by the Superior Court for the District of Columbia (to include deferred sentence agreements and civil protection orders) and 1,421 individuals on parole or supervised release who were released from incarceration in a Federal Bureau of Prisons (BOP) facility. 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 portion of their sentence in prison before they are eligible for parole at the discretion of the USPC.

Offenders are typically expected to remain under CSP supervision for the following durations[2]:

<u>Probation</u>: 20.4 to 21.2 months;
<u>Parole</u>[3]: 12.1 to 16.2 years; and
<u>Supervised Release</u>: 43.4 to 44.7 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 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

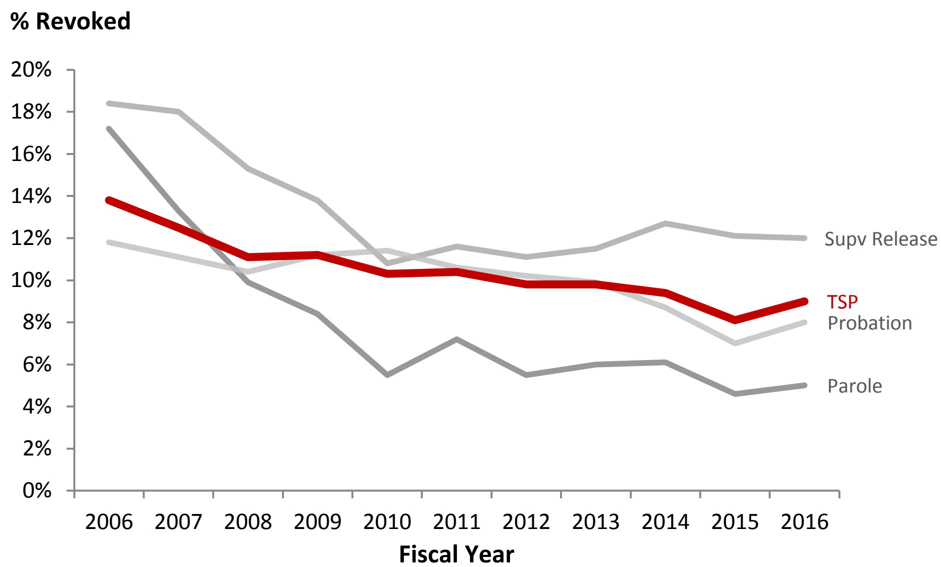
[2] Values represent the 95% confidence interval around the average length of sentence for the CSP's FY 2016 Total Supervised Population. Where applicable, extensions to the original sentence are taken into consideration in the calculation
[3] Life sentences have been excluded

and supervised release cases supervised on behalf of the U.S. Parole Commission. Revocations of parolees decreased nearly 12 percentage points and revocations of supervised release offenders decreased by almost eight percentage points during that time. From FY 2011 to FY 2015, overall revocations decreased by two additional percentage points. FY 2015 was 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. Compared to FY 2015, however, there were slight increases in revocation rates within all supervision types in FY 2016, resulting in an overall revocation rate that was slightly higher than the previous year.

CSP Total Supervised Population Revoked to Incarceration[1], by Supervision Type, FYs 2006–2016[2]

	Parole			Supervised Release			Probation[3]			Total		
FY	N	% Change	% Revoked	N	% Change	% Revoked	N	% Change	% Revoked	N	% Change	% Revoked
2006	5,852		17.2	2,508		18.4	16,345		11.8	24,705		13.8
2007	5,053	-13.7	13.3	3,444	37.3	18.0	16,181	-1.0	11.1	24,678	-0.1	12.5
2008	4,465	-11.6	9.9	4,116	19.5	15.3	16,130	-0.3	10.4	24,711	0.1	11.1
2009	4,177	-6.5	8.4	4,591	11.5	13.8	16,018	-0.7	11.2	24,786	0.3	11.2
2010	4,009	-4.0	5.5	4,943	7.7	10.8	16,257	1.5	11.4	25,209	1.7	10.3
2011	3,413	-14.9	7.2	5,213	5.5	11.6	16,185	-0.4	10.6	24,811	-1.6	10.4
2012	3,060	-10.3	5.5	5,350	2.6	11.1	16,087	-0.6	10.2	24,497	-1.3	9.8
2013	2,716	-11.2	6.0	5,338	-0.2	11.5	15,011	-6.7	9.9	23,065	-5.8	9.8
2014	2,340	-13.8	6.1	5,166	-3.2	12.7	13,357	-11.0	8.7	20,863	-9.5	9.4
2015	1,934	-17.4	4.6	4,857	-6.0	12.1	11,636	-12.9	7.0	18,427	-11.7	8.1
2016	1,659	-14.2	4.8	4,394	-9.5	12.3	10,943	-6.0	7.6	16,996	-7.8	8.5

[1] Revocation (incarceration) data excludes a small number of cases that were closed and revoked but the offender was not incarcerated.
[2] Data for FY 2016 are preliminary.
[3] 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. Despite the slight increase in revocations in FY 2016, we believe that our evidence-based strategy of focusing resources on the highest-risk offenders contributes significantly to reducing recidivism.

CSP also monitors the manner in which supervision cases close each year. Cases that close successfully are defined by CSP as those that expire/terminate satisfactorily, expire/terminate unsatisfactorily, are returned to their sending jurisdiction in compliance, or are transferred to U.S. Probation. Cases that close unsuccessfully are those that are revoked to incarceration, revoked unsatisfactorily, returned to their sending jurisdiction out of compliance, are pending USPC institutional hearing, or the offender has been deported. Cases that close for administrative reasons or death are classified as ‘Other;’ neither successful or unsuccessful. These definitions are in line with how releasing authorities define successful and unsuccessful cases.

In FY 2016, a total of 8,561 CSP supervision cases closed: 6,125 probation/CPO/DSA cases, 1,849 supervised release cases, and 587 parole cases. The table below shows that 5,633 (65.8 percent) of these case closures represented successful completions of supervision and 2,457 (28.7 percent) were unsuccessful. The percentage of supervision cases that closed successfully increased steadily from FY 2011 through 2015, with just a slight decline in FY 2016.

Although a higher percentage of probation cases completed successfully (72.6 percent) compared to parole/supervised release cases (48.7 percent), the percentage of parole and supervised release cases closing successfully has been increasing since FY 2013 (with particularly notable increases in FY 2015).

Six percent of cases that closed in FY 2016 were closed for either administrative reasons or due to death.

Although the percentage of cases closing successfully decreased slightly from FY 2015 to FY 2016, we believe that our evidence-based strategy of focusing resources on the highest-risk offenders plays a significant role in nearly two-thirds of supervision cases closing successfully each year.

Supervision Completions[1] by Supervision Type, FYs 2011 – 2016

	Parole			Supervised Release			Probation[2]			Total		
	N	% Succ	% Unsucc	N	% Succ	% Unsucc	N	% Succ	% Unsucc	N	% Succ	% Unsucc
2011	1,089	48.9	37.5	1,767	37.8	53.2	8,852	67.6	28.2	11,708	61.4	32.8
2012	988	50.6	35.5	1,972	36.9	55.7	8,962	69.8	25.2	11,922	62.8	31.1
2013	896	46.5	40.2	2,135	39.0	53.3	9,055	70.6	24.1	12,086	63.2	30.5
2014	633	49.3	41.7	1,990	39.7	52.4	7,649	72.0	22.5	10,272	64.3	29.5
2015	727	57.5	30.3	1,972	44.9	48.4	7,009	75.7	20.4	9,708	68.1	26.9
2016	587	61.2	28.6	1,849	44.7	47.1	6,125	72.6	23.2	8,561	65.8	28.7

[1] Data reflects supervision **cases**, not offenders supervised. Within-group percentages do not equal 100 due to cases closing administratively or due to death.
[2] Includes Civil Protection Order (CPO) and Deferred Sentence Agreement (DSA) cases

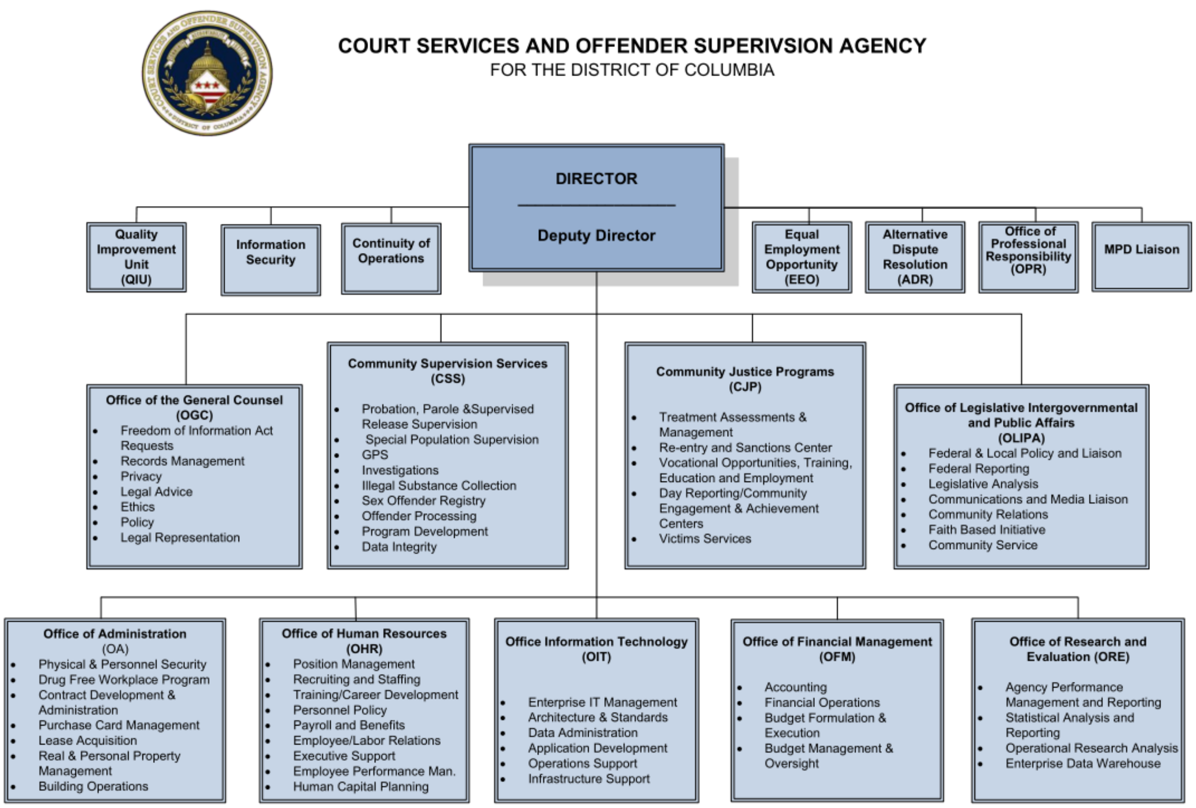
Pretrial Services Agency (PSA): The Pretrial Services Agency for the District of Columbia (PSA) assists judicial officers in both the Superior Court of the District of Columbia and the United States District Court for the District of Columbia by conducting a risk assessment for every arrested person 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.

In 2017, PSA will celebrate 50 years of service to the Nation's Capital, during which time it has earned a national reputation as a leader in the pretrial justice field. PSA employs proven, evidence-based practices to help judicial officers in the city's local and Federal courts make appropriate and effective bail decisions**.** The result for the District of Columbia (DC or District) community is smarter use of jail resources, enhanced public safety, and a fairer and more effective system of release and detention.

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 87 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.

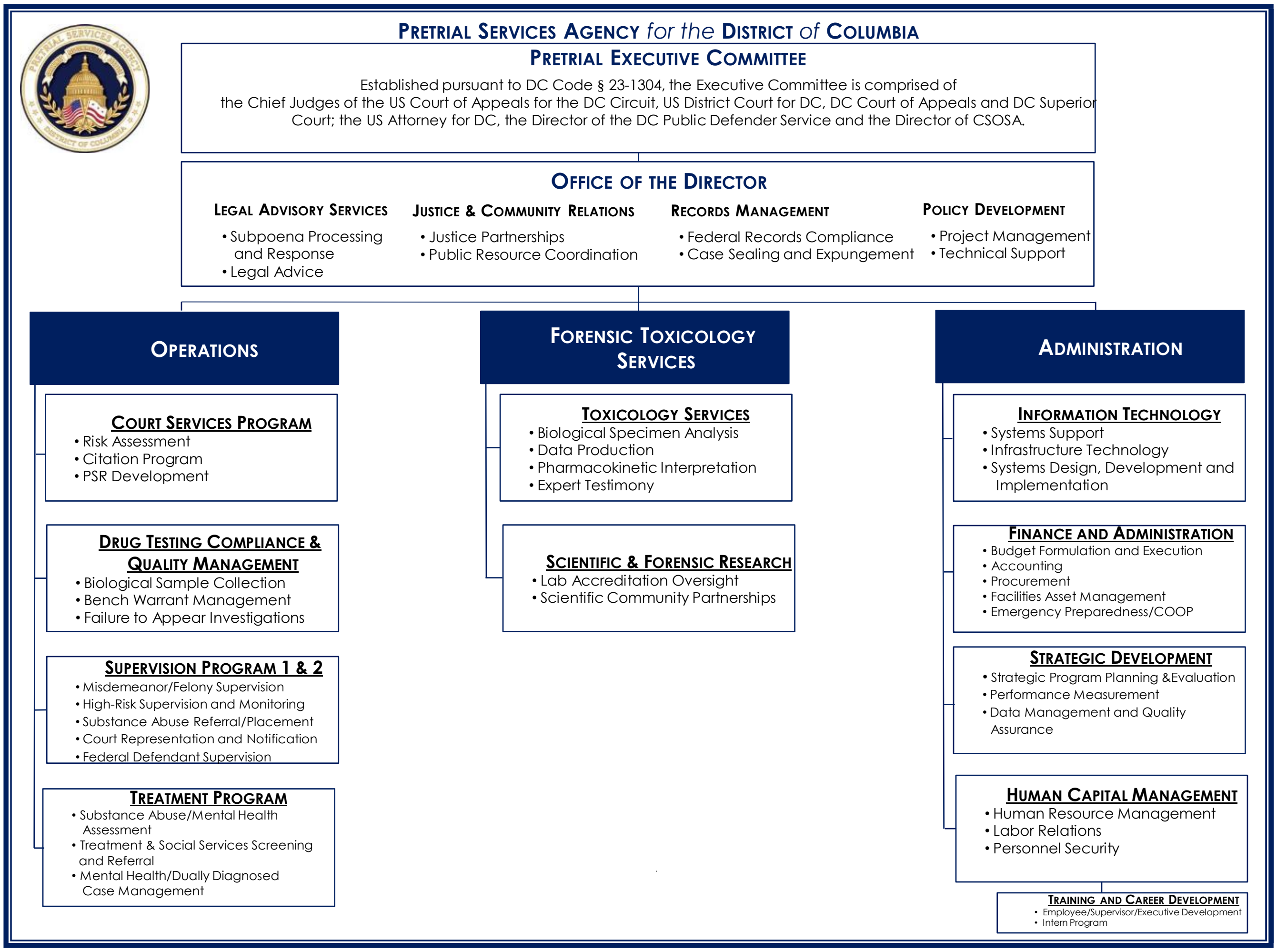
B. CSOSA Organizational Structure

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



Nancy M. Ware, Director   10/31//2016
Date

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



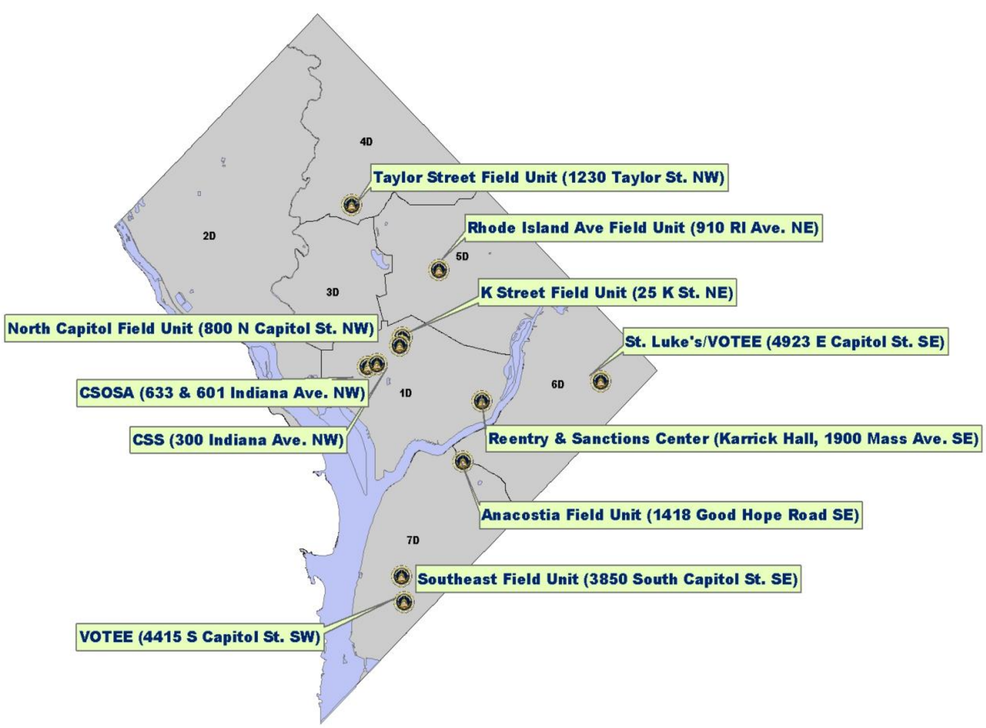
C. CSOSA Locations

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 12 total locations throughout the city, including seven locations performing primary offender supervision operations (in addition, CSOSA headquarters also houses limited supervision operations). CSP's program model emphasizes decentralizing supervision from a single headquarters office to the neighborhoods where offenders live and work. By doing so, Community Supervision Officers maintain a more active, visible and accessible community presence, collaborating with neighborhood police in the various Police Service Areas, as well as spending more of their time conducting home visits, work site visits, and other activities that make community supervision a visible partner in public safety. Continued real estate development of the District creates challenges for CSP in obtaining space for offender supervision operations.

CSP has 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). CSP operates on a year-to-year lease with sub-standard conditions at 300 Indiana Avenue, NW.

CSP plans to relocate three of our seven primary offender supervision offices (300 Indiana Avenue, NW, 25 K Street, NE, and 1418 Good Hope Road, SE) within the next several years. To that end, CSP plans to occupy a new supervision office located at 2101 Martin Luther King Avenue, SE, and cease operations at 1418 Good Hope Road, SE, in early 2017. CSP is working closely with the General Services Administration to obtain appropriate relocation space for 25 K Street, NE, and 300 Indiana Avenue, NW, despite continuing space acquisition challenges.



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 for defendant interviews and risk assessments, court support, and specimen collection; (2) Elijah Barrett Prettyman building (U.S. District Court) located at 333 Constitution Avenue for federal defendant interviews, risk assessments, and court support; (3) 633 Indiana Avenue, which houses its Headquarters office, supervision and treatment programs; (4) 601 Indiana Avenue for supervision and treatment programs; (5) 1025 F Street for training and information technology; and (6) 90 K Street, NE, which houses its 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 timely and 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 determine the appropriate 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 2016 Annual Performance Report, reporting on all agency performance measures, will be included in the FY 2018 Congressional Budget Justification to be submitted in 2017.

Strategies and Resources

CSP employs a number of evidence-based 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 2016, 6,248 offenders entered CSP supervision; a three percent decrease from the 6,461 offenders who entered supervision in FY 2015. 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 eligible 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 their 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.

One of 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, 2016, CSP supervised 10,602 total adult offenders, including 6,321 probationers and 4,281 offenders on supervised release or parole. The total number of offenders supervised on September 30, 2016 represents a five percent decrease from the number of offenders supervised on September 30, 2015 (11,150). Factors contributing to the reduction include:

- A decrease in the number of offender intakes in FY 2016 compared to previous years:
    - There were 16 percent fewer probation intakes and roughly 27 percent fewer parole/supervised release intakes in FY 2016 as compared to FY 2014; and

- A decrease in the number of offenders returning to the District of Columbia on parole and supervised release:
    - As of September 30, 2016, CSOSA was supervising 20 percent fewer re-entrants (e.g., parolees and persons on supervised release) compared to the end of FY 2014.

CSP Supervised Offenders by Supervision Type on September 30, 2014/2015/2016

	September 30, 2014		**September 30, 2015**		**September 30, 2016[2]**	
Supervision Type	**Number of Supervised Offenders**	**Percentage of Total Supervised Offenders**	**Number of Supervised Offenders**	**Percentage of Total Supervised Offenders**	**Number of Supervised Offenders**	**Percentage of Total Supervised Offenders**
Probation[1]	6,959	56.5%	6,318	56.7%	6,321	59.6%
Parole	1,632	13.2%	1,393	12.5%	1,228	11.6%
Supervised Release	3,729	30.3%	3,439	30.8%	3,053	28.8%
Total Supervised Offenders	12,320	100.0%	11,150	100.0%	10,602	100.0%

[1]Probation includes offenders with Civil Protection Orders and those with Deferred Sentence Agreements.
[2]Data for FY 2016 are preliminary.

On September 30, 2016, the average number of supervision cases per on-board supervision CSO employee was 46.7 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 supervison 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, 2013/2014/2015/2016

Fiscal Year	Total Supervised Offenders as of September 30th	On-Board Supervision CSOs [1]	On-Board CSO Caseload Ratio
FY 2013	13,693	259	52.9:1
FY 2014	12,320	240	51.4:1
FY 2015	11,150	235	47.5:1
FY 2016[2]	10,602	227	46.7:1

[1] Note: Additional CSO positions perform diagnostic and investigative functions.
[2] Data for FY 2016 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 behavioral health, sex offender, young adult and female offenders. Offender caseload ratios for most of these specialized caseloads are lower than the overall 46.7:1 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, 2016, 118 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. Moving low risk offenders to kiosk reporting allows supervision CSOs to focus on our higher-risk offenders and better manage the population.

In FY 2016, CSP's Total Supervised Population from October 1, 2015 through September 30, 2016 was 16,996 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 2016 Total Supervised Population represents almost an eight percent decrease from the FY 2015 Total Supervised Population (18,427).

CSP Total Supervised Population (TSP) by Supervision Type FY 2014 – FY 2016

	FY 2014 (October 1, 2013 – September 30, 2014)		FY 2015 (October 1, 2014 – September 30, 2015)		FY 2016 (October 1, 2015 – September 30, 2016)[2]	
Supervision Type	Number of Supervised Offenders	Percentage of Total Supervised Offenders	Number of Supervised Offenders	Percentage of Total Supervised Offenders	Number of Supervised Offenders	Percentage of Total Supervised Offenders
Probation[1]	13,357	64.0%	11,636	63.1%	10,943	64.4%
Parole	2,340	11.2%	1,934	10.5%	1,659	9.8%
Supervised Release	5,166	24.8%	4,857	26.4%	4,394	25.8%
TSP	20,863	100.0%	18,427	100.0%	16,996	100.0%

[1] Probation also includes offenders with Civil Protection Orders and those with Deferred Sentence Agreements.
[2] Data for FY 2016 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 seven 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 **graduated sanctions,** which are implemented in response to offenders' 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 and/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 the 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.

Community Engagement and Achievement Centers (CEACs), formerly the Day Reporting Centers (DRCs), are designed to offer stabilization, structure, cognitive-behavioral intervention(s), skill-building and support services through integrated case planning and performance-based engagement and activities. Additionally, the CEACs serve as an enhanced risk containment strategy by integrating tenets of supervision with orientation activities (assessment and case planning), individual and small-group motivational engagement, staged transition support services and interventions at various CSOSA field sites.

At present, there are three (3) CEACs in operation across CSOSA field sites in the District of Columbia, with a fourth CEAC scheduled to open in February 2017. Clients participating in the CEAC are expected to report up to a maximum of (4) hours per day, four (4) days per week. The length of participation in the CEAC is thirty (30) to ninety (90) days, conditional on the clients' performance, progress, compliance, adjustments to intervention, and prognosis towards continued prosocial change. The number of clients that each site serves varies per day and week.

GPS is an added supervision tool for CSOs that is used to enforce curfews and stay away orders, as well as to sanction non-compliant behavior. As of September 30, 2016, 512 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 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 partners in this endeavor with the BOP, the USPC, the D.C. Department of Corrections and the D.C. Public Defender Service.

A fourth component of effective community supervision is routine **drug testing,** which 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 up to 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-based 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 (CJANs) and the CSP/Faith-based 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 as imposed. An AVR is always issued by CSP for any re-arrest that includes a new charge or when an offender becomes a loss of contact.

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 by the Court in sentencing determinations and by the BOP in designating offenders to an appropriate correctional facility. CSOs in CSP's Investigations, Diagnostics, and Evaluations Branch (Branch I) conduct investigations 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 (defined as a 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 also to 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 as compared to arrests made in response to parole or probation violations. The acquisition of these data allows for more comprehensive reporting of offender rearrests.

All charges considered, just under one-fourth of CSP's FY 2016 total supervised population was rearrested in D.C., MD, or VA) while under supervision. This is roughly a three percentage point increase from FY 2015.

As of September 30, 2016, 21.8 percent of supervised offenders were rearrested in D.C. (excluding MD/VA) when all charges were considered, but this percentage dropped to 17.2 percent when arrests for parole and probation violations were excluded. Though higher than previous years, these data still 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 2016 with nearly one-third of supervised release offenders rearrested as of September 30, 2016 (D.C., MD, and VA; all charges considered). Furthermore, when looking at arrests on new charges, the rearrest rate of offenders on supervised release increased by five percentage points from FY 2015 to FY 2016, compared to a three percentage point increase for probationers and a one percentage point increase for parolees. These data suggest that offenders on supervised release may be committing more new crime than in previous years.

Percentage of Total Supervised Population Rearrested[1], FY 2012 - FY 2016[2]

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Probation[3]					
DC Arrests	16.1%	15.8%	17.3%	15.7%	18.5%
DC Arrests (new charges)[4]	11.9%	11.8%	13.4%	12.0%	14.7%
DC/MD/VA Arrests	20.8%	18.7%	18.6%	17.6%	20.6%
Parole					
DC Arrests	15.9%	16.8%	15.9%	16.4%	18.6%
DC Arrests (new charges) [4]	12.1%	11.7%	12.9%	13.1%	14.1%
DC/MD/VA Arrests	18.5%	18.2%	16.8%	17.7%	19.7%
Supervised Release					
DC Arrests	27.3%	28.2%	28.5%	25.6%	31.2%
DC Arrests (new charges) [4]	20.7%	20.1%	21.5%	19.4%	24.3%
DC/MD/VA Arrests	31.3%	31.0%	29.6%	27.9%	33.1%
Total Supervised Population					
DC Arrests	18.5%	18.8%	19.9%	18.4%	21.8%
DC Arrests (new charges) [4]	13.9%	13.7%	15.4%	14.1%	17.2%
DC/MD/VA Arrests	22.8%	21.5%	21.1%	20.3%	23.7%

[1] 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
[2] Estimates for FY 2016 are preliminary
[3] Includes Civil Protection Order (CPO) and Deferred Sentence Agreement (DSA) cases
[4] 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 (which may include 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 monitored or 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.

On average, CSP collected 15,413 samples from 4,996 unique offenders each month in FY 2016 at four CSP illegal substance collection unit sites, as well as offenders at the Reentry Sanctions Center (RSC). The Pretrial Services Agency (PSA) tests CSP drug samples for up to eleven substances (Marijuana, PCP, Opiates, Methadone, Cocaine, Amphetamines, Creatinine, Heroin, ETG, Synthetic Cannabinoids 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 marijuana testing for most probationers due to changes in the District of Columbia's law; CSP continues to test parolees and supervised releasees for marijuana.

Offenders included in the analysis of drug use trends are those in an active supervision status throughout the reporting month who are 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.

Of the tested population in FY 2016, 56.4 percent tested positive for illicit drugs at least one time (excluding alcohol), which is three percentage points higher than FY 2015 (when 53.1 percent tested positive). This increase in the percentage of the population drug testing positive may be attributed to the introduction of tests for new substances in FY 2016. During this year, CSP began testing for a heroin metabolite (in order to more specifically determine heroin use apart from other opiates) and synthetic cannabinoids.

Percentage of Active Tested Population Reporting at Least One Positive Drug Test, FY 2012 – FY 2016

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016[1,2]
Tests including alcohol	62.5%	61.3%	61.6%	58.1%	61.1%
Tests excluding alcohol	57.7%	56.7%	56.3%	53.1%	56.4%

[1] Data for FY 2016 are preliminary.
[2] In FY 2016, CSP began testing for a heroin metabolite (to distinguish heroin use from other opiates) and synthetic cannabinoids. The percentage of offenders testing positive for illicit substances in FY 2016 includes those testing positive for those substances.

Data from FY 2012 through FY 2016 show that marijuana, opiate and cocaine use is most prevalent in medium- through intensive-risk offenders. Among higher-risk drug users, marijuana use increased from FY 2012 to FY 2015, but decreased by five percentage points in FY 2016. Just under 30 percent of higher-risk drug users tested positive for cocaine and opiates, and nearly one in five offenders tested positive for PCP during the year. In FY 2016, CSP began testing for heroin metabolite and synthetic cannabinoids. Roughly 10 percent of higher-risk drug users tested positive for heroin, and 8 percent tested positive for synthetics. Overall, the percentage of higher-risk drug users testing positive for each substance decreased from FY 2015 to FY 2016. This suggests that the increase in the overall percentage of offenders testing positive for illicit substances in FY 2016 (compared to FY 2015) may be attributed to the introduction of tests detecting new substances.

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[1]

Drug	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016[2]
Marijuana	54.4%	58.1%	61.3%	62.3%	57.1%
PCP	19.6%	18.3%	19.9%	19.8%	17.8%
Opiates	31.4%	32.1%	29.0%	33.9%	28.6%
Methadone	2.5%	1.9%	2.1%	9.0%	3.2%
Cocaine	35.8%	31.5%	29.2%	34.0%	29.9%
Amphetamines	6.8%	8.4%	7.2%	10.1%	6.3%
Heroin	N/A	N/A	N/A	N/A	10.1%
Synthetic Cannabinoids	N/A	N/A	N/A	N/A	7.9%

[1] Previous methodology included toxicology results of the entire eligible drug tested population, regardless of whether or not they tested positive for an illicit substance. In FY 2014, methodology was updated to include only toxicology results of offenders who tested positive during the year in order to give a clearer picture of what substances those offenders are using. Previous years' estimates were updated using the new methodology.

[2] Data for FY 2016 are preliminary.

Note: CSP tests each offender drug sample for up to eleven drugs, including alcohol, ETG and creatinine. An offender/sample may not necessarily be tested for all eleven substances, but only the most-tested for substances are included in the table above.

Note: Column data are not mutually exclusive. Examples: One offender testing positive for marijuana and PCP during FY 2016 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 2016 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, and 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 in SMART 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 (EDW) system, which has presented significant improvements for both accessing data 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 Goals

PSA's *Strategic Goals* for FY 2016-2018 span the Agency's major functions and operations and link to the outcomes of judicial concurrence, promoting continued pretrial release, minimizing re-arrest and maximizing court appearance. The new strategic goal related to judicial concurrence with PSA recommendations is consistent with PSA's recognition of the Court as its primary stakeholder.

Strategic Goal 1: Judicial Concurrence with PSA Recommendations

During FY 2016, the Agency implemented a judicial concurrence measure to gauge judicial agreement with conditions of release PSA recommends.

Strategic Goal 2: Continued Pretrial Release

The strategic goal of continued pretrial release focuses on the released defendants who are 1) not revoked for technical violations due to condition violations, 2) appear for all scheduled court appearances, and 3) are not charged with a new offense during pretrial supervision. The measure excludes defendants who are detained following a guilty verdict and those revoked due to non-pretrial-related holds.

Strategic Goal 3: Minimize Rearrest

PSA's strategic goal of minimizing rearrest will track the percentage of supervised defendants who are not arrested for a new offense during the pretrial period. A new offense is defined as one with the following characteristics:

- the offense date occurs during the defendant's period of pretrial release;
- there is a prosecutorial decision to charge; and
- the new offense carries the potential of incarceration or community supervision upon conviction.

Strategic Goal 4: Maximize Court Appearance

The strategic goal of maximizing court appearance is one of the most basic outcome measures for pretrial service programs. National standards on pretrial release identify minimizing failures to appear as a central function for pretrial programs. This strategic goal will be assessed through the appearance rate, which measures the percentage of supervised defendants who make all scheduled court appearances.

Outcome and Performance Measurement

PSA measures achievement of its critical outcomes through four measures:

PSA Performance Outcomes

OUTCOMES	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2016-2018 Target
Judicial Concurrene Rate – Agreement between PSA's Release Recommendations and judicial Release and Detention Decisions						
	N/A	N/A	N/A	N/A	72%	70%
Arrest-Free Rate - Percentage of Defendants Who Remain Arrest-Free During the Pretrial Release Period						
Any crimes	89%	90%	89%	89%	88%	88%
Violent crimes	99%	99%	98%	98%	98%	97%
Appearance Rate - Percentage of Defendants Who Make All Scheduled Court Appearances During the Pretrial Period						
	89%	88%	88%	88%	91%	87%
Continued Pretrial Release - Percentage of Defendants Who Remain on Release at the Conclusion of Their Pretrial Status Without a Pending Request for Removal or Revocation Due to Non-compliance						
	88%	87%	88%	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.

Strategic Objectives

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

Strategic Goal 1 – Risk Assessment. 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 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 – Risk-based Supervision. 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 2.2 million drug tests on nearly 270,000 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 pychoactive substances (e.g., synthetic cannabinoids) in the District of Columbia.

Strategic Goal 3 – Appropriate Treatment. 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, for either 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.

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.[4] PSA operates a model Drug Court and other sanction-based treatment programs, which utilize research-supported techniques as a mechanism for enhancing community safety.

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 affect criminal behavior or to provide support to defendants.

[4] 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.

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 2016 CSOSA financial statements report appropriated and reimbursable budget authority.

CSOSA's largest asset is Fund Balance with U.S. Treasury which totaled $108,762,588 and $85,603,389 as of September 30, 2016 and 2015, respectively. This represented 89.6 percent and 92.6 percent of total assets as of September 30, 2016 and 2015, 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 $22,191,489 and $17,326,617, as of September 30, 2016 and 2015, respectively. Collectively they comprised 97.9 and 92.1 percent of total liabilities, as of September 30, 2016 and 2015, 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 2016 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 2016 budget authority, unobligated balances of the five prior fiscal years (FY 2011 – 2015) as of October 1, 2015, recoveries of prior year obligations, and any adjustments to these resources.

CSOSA has FY 2016 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 $276,686,711 and $257,952,835 as of September 30, 2016 and 2015, respectively. These amounts include FY 2016 Budgetary Authority of $241,604,000 in direct annual funding, $3,159,000 in direct 3-year funding and $644,905 in net reimbursable transactions as of September 30, 2016, and $225,000,000 in FY 2015 direct annual funding, $9,000,000 in direct 3-year funding and $590,522 in net reimbursable transactions as of September 30, 2015.

Total Obligations Incurred was $248,360,237 and $231,304,986 as of September 30, 2016 and 2015, respectively. These amounts include direct obligations of $247,666,699 and reimbursable obligations of $693,538 as of September 30, 2016 and direct obligations of $231,150,403 and reimbursable obligations of $154,583 as of September 2015.

CSOSA's FY 2016 Statement of Budgetary Resources shows $216,406,122 in net outlays, an increase of $7,016,249 from the previous year's total net outlays of $209,389,873.

The Net Cost of Operations in FY 2016 was $226,463,911 on CSOSA's Statement of Net Cost, an increase of $7,351,248 over the previous year's Net Cost of Operations of $219,112,663.

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 September – October 2016. 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 2016. No material weaknesses were found in the design or operation of the internal control over financial reporting.

Federal Financial Management Improvement Act

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, purchasing and payment management processes.

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.

An independent auditor's (KPMG LLP) examination of IBC's systems for operating and hosting Oracle for the period of July 1, 2015 – June 30, 2016 resulted in the auditor's opinion that in all material respects, based on the criteria described in IBC's assertion, that: (1) the description fairly presents the systems that were designed and implemented throughout the periods July 1, 2015 to June 30, 2016 and (2) the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the periods July 1, 2015 to June 30, 2016. IBC provided subsequent representations and assurances that these Oracle financial application controls remained in place through September 30, 2016.

Based on the independent auditor's opinion and CSOSA's experience with Oracle the CSOSA Director provides assurance that the organization's financial management system is in compliance with Federal financial management systems requirements, standards promulgated by FASAB, and the USSGL at the transaction level.

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 seventeenth consecutive year, CSOSA has earned an unmodified (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 2016 represents the sixth 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 2016 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 2017.

Paul Girardo
Chief Financial Officer
November 15, 2016

B. FY 2016 Auditors' Report

WILLIAMS ADLEY

Independent Auditor's Report

Director of the Court Services and Offender Supervision Agency

Report on the Financial Statements

We have audited the accompanying consolidated financial statement of the Court Services and Offender Supervision Agency (CSOSA), which comprise the consolidated balance sheets as of September 30, 2016 and 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 these consolidated 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 consolidated 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 consolidated 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
1030 15th Street, NW, Suite 350 West • Washington, DC 20005 • (202) 371-1397 • Fax: (202) 371-9161
www.williamsadley.com

Opinion on the Financial Statements

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, 2016 and 2015, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Accompanying Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The key performance information, Summary of Financial Statement Audit and Management Assurances, and reporting details related to the Improper Payments Information Act, as amended by the Improper Payments Elimination and Recovery Act, are presented for the purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 10, 2016, 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.

Report on 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 certain other matters that were communicated to management in a separate letter.

Report on Compliance and Other Matters

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 statement 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 internal control and 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, District of Columbia
November 10, 2016

C. FY 2016 Financial Statements

Court Services and Offender Supervision Agency
Balance Sheet
As of September 30, 2016 and 2015
(In Dollars)

	2016	2015
Assets		
Intragovernmental		
Fund Balance with Treasury - Note 2	$ 108,762,588	$ 85,603,389
Accounts Receivable - Federal - Note 3	68,128	119,178
With The Public		
Accounts Receivable - Note 3	7,101	-
Property, Plant and Equipment - Note 4	9,768,370	6,718,325
Total Assets	**$ 118,606,187**	**$ 92,440,892**
Liabilities		
Intragovernmental Liabilities:		
Accounts Payable	$ 120,769	$ 964,760
With The Public		
Accounts Payable	7,602,928	4,166,027
Accrued Payroll & Benefits	6,517,876	5,123,475
Actuarial FECA Liability	355,426	526,670
Accrued Unfunded Liabilities	8,070,685	8,037,115
Total Liabilities - Note 5	**$ 22,667,684**	**$ 18,818,047**
Net Position		
Unexpended Appropriation	$ 94,657,530	$ 75,476,845
Cumulative Results of Operations	1,280,973	(1,854,000)
Total Net Position	**$ 95,938,503**	**$ 73,622,845**
Total Liabilities and Net Position	**$ 118,606,187**	**$ 92,440,892**

The accompanying notes are an integral part of these statements

Court Services and Offender Supervision Agency
Statement of Net Cost
For The Years Ended September 30, 2016 and 2015
(In Dollars)

	2016	2015
Strategy 1.1		
Program Costs		
Intragovernmental Costs	$ 4,393,612	$ 5,713,594
Less Intragovernmental Revenue - Note 6	(82,119)	(54,189)
Intragovernmental Net Costs	$ 4,311,493	$ 5,659,405
Public Costs	$ 28,706,812	$ 26,287,092
Less Earned Revenue from Public - Note 6	-	-
Net Public Costs	$ 28,706,812	$ 26,287,092
Total Net Cost Strategy 1.1	**$ 33,018,305**	**$ 31,946,497**
Strategy 1.2		
Program Costs		
Intragovernmental Costs	$ 10,943,613	$ 14,231,425
Less Intragovernmental Revenue - Note 6	(204,542)	(134,973)
Intragovernmental Net Costs	$ 10,739,071	$ 14,096,452
Public Costs	$ 71,502,954	$ 65,475,913
Less Earned Revenue from Public - Note 6	-	
Net Public Costs	$ 71,502,954	$ 65,475,913
Total Net Cost Strategy 1.2	**$ 82,242,025**	**$ 79,572,365**
Strategy 1.3		
Program Costs		
Intragovernmental Costs	$ 1,531,602	$ 1,991,744
Less Intragovernmental Revenue - Note 6	(28,626)	(18,890)
Intragovernmental Net Costs	$ 1,502,975	$ 1,972,854
Public Costs	$ 10,007,119	$ 9,163,611
Less Earned Revenue from Public - Note 6	-	-
Net Public Costs	$ 10,007,119	$ 9,163,611
Total Net Cost Strategy 1.3	**$ 11,510,094**	**$ 11,136,465**
Strategy 2.1		
Program Costs		
Intragovernmental Costs	$ 7,044,713	$ 9,161,171
Less Intragovernmental Revenue - Note 6	(131,669)	(86,886)
Intragovernmental Net Costs	$ 6,913,044	$ 9,074,285
Public Costs	$ 46,028,476	$ 42,148,699
Less Earned Revenue from Public - Note 6		
Net Public Costs	$ 46,028,476	$ 42,148,699
Total Net Cost Strategy 2.1	**$ 52,941,520**	**$ 51,222,984**
Strategy 2.2		
Program Costs		
Intragovernmental Costs	$ 1,968,603	$ 2,560,035
Less Intragovernmental Revenue - Note 6	(36,794)	(24,280)
Intragovernmental Net Costs	$ 1,931,809	$ 2,535,755
Public Costs	$ 12,862,383	$ 11,778,203
Less Earned Revenue from Public - Note 6	-	-
Net Public Costs	$ 12,862,383	$ 11,778,203
Total Net Cost Strategy 2.2	**$ 14,794,192**	**$ 14,313,958**
Strategy 3.1		
Program Costs		
Intragovernmental Costs	$ 4,252,491	$ 5,530,076
Less Intragovernmental Revenue - Note 6	(79,481)	(52,448)
Intragovernmental Net Costs	$ 4,173,010	$ 5,477,628
Public Costs	$ 27,784,764	$ 25,442,766
Less Earned Revenue from Public - Note 6	-	-
Net Public Costs	$ 27,784,764	$ 25,442,766
Total Net Cost Strategy 3.1	**$ 31,957,774**	**$ 30,920,394**
Total Net Cost of Operations	**$ 226,463,911**	**$ 219,112,663**

The accompanying notes are an integral part of these statements

Court Services and Offender Supervision Agency
Statement of Changes in Net Position
For The Years Ended September 30, 2016 and 2015

(In Dollars)

	2016	2015
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balance	$ (1,854,000)	$ (3,088,507)
Beginning Balance, As Adjusted	$ (1,854,000)	$ (3,088,507)
Budgetary Financing Sources:		
Appropriations Used	220,450,962	210,478,734
Other Financing Sources:		
Imputed Financing - Note 8	9,147,922	9,868,436
Total Financing Sources	$ 229,598,884	$ 220,347,170
Net Cost of Operations	226,463,911	219,112,663
Ending Cumulative Results of Operations	**$ 1,280,973**	**$ (1,854,000)**
UNEXPENDED APPROPRIATIONS		
Beginning Balance	$ 75,476,845	$ 55,468,374
Adjustment to Beginning Balance		947,694
Adjusted Beginning Balance	$ 75,476,845	$ 56,416,068
Budgetary Financing Sources		
Appropriations Received	244,763,000	234,000,000
Other Adjustments	66,327	-
Canceled Funds	(5,197,679)	(4,460,489)
Appropriations Used	(220,450,962)	(210,478,734)
Total Financing Sources	$ 19,180,687	$ 19,060,777
Ending Unexpended Appropriations	**$ 94,657,531**	**$ 75,476,845**
ENDING TOTAL NET POSITION	**$ 95,938,504**	**$ 73,622,845**

The accompanying notes are an integral part of these statements

Court Services and Offender Supervision Agency
Statement of Budgetary Resources
For The Years Ended September 30, 2016 and 2015
(In Dollars)

	2016	2015
Budgetary Resources		
Unobligated Balance Brought forward, October 1	$ 26,647,850	$ 20,391,290
Recoveries of Prior Year Obligations:		
Actual	9,680,199	7,435,004
Other changes in unobligated balance	(5,049,243)	(4,463,981)
Unobligated Balance from prior year Budget Authority, Net	$ 31,278,805	$ 23,362,313
Appropriation	244,763,000	234,000,000
Spending Authority from Offsetting Collections:	644,905	590,522
Total Budgetary Resources	**$ 276,686,711**	**$ 257,952,835**
Status of Budgetary Resources		
Obligation(s) Incurred	248,360,237	231,304,986
Unobligated Balance, end of year		
Apportioned Balance Available	13,691,886	12,772,749
Unobligated Balances Not Available	14,634,588	13,875,100
Total Unobligated balance, end of year	28,326,474	26,647,849
Total Status of Budgetary Resources	**$ 276,686,711**	**$ 257,952,835**
Change in Obligated Balances		
Unpaid Obligations:		
Unpaid obligations, brought forward, October 1	59,335,270	45,578,565
Obligations incurred	248,360,237	231,304,986
Outlays (gross)	(217,168,839)	(210,113,277)
Recoveries of prior year unpaid obligations	(9,680,199)	(7,435,004)
Unpaid Obligations, end of year	**$ 80,846,469**	**$ 59,335,270**
Uncollected Payments:		
Uncollected pymts, Fed Sources, brought forward Oct 1	(379,731)	(512,613)
Change in uncollected pymts, Fed Sources	(30,624)	132,882
Uncollected pymts, Fed Sources, end of year	**$ (410,355)**	**$ (379,731)**
Memorandum (non-add) entries:		
Obligated balance, start of year	$ 58,955,539	$ 45,065,952
Obligated balance, end of year	$ 80,436,113	$ 58,955,539
Budget Authority and Outlays, Net:		
Budget Authority, gross	$ 245,407,905	$ 234,590,522
Actual offsetting collections	(762,717)	(723,404)
change in uncollected customer payments from Fed Sources	(30,624)	132,882
Anticipated offsetting collections	-	-
Budget Authority, net	**$ 244,614,564**	**$ 234,000,000**
Net Outlays		
Outlays, gross	$ 217,168,839	$ 210,113,277
Actual offsetting collections	(762,717)	(723,404)
Outlays, Net	**$ 216,406,122**	**$ 209,389,873**

The accompanying notes are an integral part of these statements

D. Notes to the FY 2016 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 2016, the Agency was appropriated $244,763,000 from Congress, of which the following allotments were made:

	Appropriation	Multi-Year	TOTAL FY 2016	TOTAL FY 2015
CSP	$179,247,000	$3,159,000	$182,406,000	$173,155,000
PSA	62,357,000	0	62,357,000	61,792,694
Total	$241,604,000	$3,159,000	$244,763,000	$234,947,694

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). FY 2016 CSRS contribution rates remain unchanged from FY 2015. 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, FY 2016 contribution rates increased from FY 2015 rates. For FY 2016, CSOSA contributes 13.7 percent of employees' gross pay for normal retirement (versus 13.2 percent in FY 2015) and 30.1 percent for law enforcement retirement (versus 28.8 percent in FY 2015). 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.

Reclassifications

The FY2015 financial statements were reclassified to conform to the FY2016 financial statements presentation requirements. The reclassifications had no material effect on total assets, liabilities, net position, changes in net position or budgetary resources as previously reported.

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, 2016 and 2015:

Fund Balance	CSP	PSA	Total FY 2016	Total FY 2015
Appropriated Funds	$97,541,724	$11,220,864	$108,762,588	$85,603,389

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

Status of the Fund Balance with Treasury consists of the following as of September 30, 2016 and 2015:

Status of Fund Balance	CSP	PSA	Total FY 2016	Total FY 2015
Unobligated Balance				
Available	$13,043,458	$ 648,428	$13,691,886	$12,772,749
Unavailable	12,577,438	2,057,150	14,634,588	13,875,100
Obligated Balance not yet Disbursed	72,322,650	8,523,819	80,846,469	59,335,270
Less: Reimbursable Obligations	(342,227)	-0-	(342,227)	(260,552)
Less: Accounts Receivable	(59,594)	(8,534)	(68,128)	(119,178)
Total	$97,541,725	$11,220,863	$108,762,588	$85,603,389

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 Agency. The Receivables consists of the following:

Receivables	CSP	PSA	Total FY 2016	Total FY 2015
Federal Receivable	$59,594	$8,534	$68,128	$119,178
Public Receivable	7,101	-0-	7,101	-0-
Total Receivables	$66,695	$8,534	$75,229	$119,178

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 and defendants. 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 primary Internal Use Software project. SMART was developed in-house and is currently being re-developed to enable CSOSA to better track the individuals under CSOSA's jurisdiction. CSOSA CSP also deployed a new Physical Security Access Control System. 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, 2016 and 2015 are as follows:

CSP	Estimated Useful Life	Purchase Cost	Accumulated Depreciation	Net Book Value FY 2016	Net Book Value FY 2015
Construction in Progress		$162,776	$-0-	$162,776	$-0-
Asset Clearing		839,898	-0	839,898	-0-
Equipment	5yrs	1,616,472	1,220,844	395,628	843,227
Leasehold Improvements	Based on life of lease	1,405,879	1,287,647	118,232	345,988
Internal Use Software	2yrs	24,749,867	18,913,226	5,836,641	1,282,453
Total CSP		$28,774,892	$21,421,717	$7,353,175	$2,471,668
PSA	**Estimated Useful Life**	**Purchase Cost**	**Accumulated Depreciation**	**Net Book Value FY 2016**	**Net Book Value FY 2015**
Construction in Progress		$-0-	$-0-	$-0-	$-0-
Asset Clearing		1,002,155	-0-	1,002,155	-0-
Equipment	5yrs	2,038,165	1,130,096	908,069	884,386
Leasehold Improvements	Based on life of lease	704,958	199,987	504,971	557,712
Internal Use Software	2yrs	7,272,689	7,272,689	-0-	2,804,559
Total PSA		$11,017,967	$8,602,772	$2,415,195	$4,246,657
Total CSOSA		$39,792,859	$30,024,489	$9,768,370	$6,718,325

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, 2016 and 2015:

	CSP	PSA	Total FY 2016	Total FY 2015
Accrued Unfunded Liability	$5,676,960	$2,393,725	$8,070,685	$8,037,115
Actuarial FECA Liability	305,921	49,505	355,426	526,670
Total Liabilities Not Covered by Budgetary Resources	$5,982,881	$2,443,230	$8,426,111	$8,563,785
Total Liabilities Covered by Budgetary Resources	10,754,012	3,487,561	14,241,573	10,254,262
Total Liabilities	$16,736,893	$5,930,791	$22,667,684	$18,818,047

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, 2016 and 2015:

Exchange/Earned Revenue	**Intragovernmental Revenue**	**Earned Revenue from Public**	**Total FY2016**	**Total FY 2015**
CSP	$532,078	$-0-	$532,078	$350,658
PSA	31,153	-0-	31,153	21,007
Total CSOSA	$563,231	$-0-	$563,231	$371,665

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 2017	11,841,786
Fiscal Year 2018	13,398,812
Fiscal Year 2019	11,740,516
Fiscal Year 2020	12,062,950
Fiscal Year 2021	12,386,859
Fiscal Year 2022 and beyond	37,028,430
Total Future Operating Lease Payments Due	$98,459,351

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 15.1 percent and 33.4 percent for FERS and 33.5 percent and 49.7 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.

Note 8: Imputed Financing Sources *(con't)*

Imputed financing sources consists of the following as of September 30, 2016 and 2015:

	CSP	PSA	Total FY 2016	Total FY 2015
FEHB	$4,447,640	$2,000,536	$6,448,176	$5,615,513
FEGLI	13,919	5,894	19,813	17,358
Pensions	1,978,306	667,837	2,646,143	4,235,566
DHS	33,790	-	33,790	-
Total	$6,473,655	$2,674,267	$9,147,922	$9,868,437

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 $25,000 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 5 cases classified as either probable or reasonably possible. 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 2016 are:

Fiscal Year September 30, 2016 Obligations Apportioned Under:	Direct Obligations	Reimbursable Obligations	Total FY 2016	Total FY 2015
CSP				
Category A	$185,351,635	$662,386	$186,014,021	$167,829,892
PSA				
Category A	62,315,064	31,152	62,346,216	63,475,094
Total	$247,666,699	$693,538	$248,360,237	$231,304,986

Note 11: Explanation of Differences Between the Statement of Budgetary Resources and the 2017 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 2017, which contain actual budget results for fiscal year 2015, was released in February 2016.

Note 11: Explanation of Differences Between the Statement of Budgetary Resources and the 2017 Budget of the United States Government (con't)

There were no material differences between the amounts for fiscal year 2015 published in the President's FY 2017 Budget and that reported in the accompanying SBRs for the fiscal year ending on September 30, 2015 for obligations incurred or net outlays. For budgetary presentation resources, the difference in Total Budgetary Resources can be primarily attributed to the fact that total unobligated balances brought forward for expired funds are reported in the SBR, but not in the President's Budget. In addition, the President's budget does not report Recoveries of Prior-Year obligations. The difference in Obligations Incurred is due to rounding. The following is the reconciliation of the 2015 SBR to the 2017 President's Budget.

Fiscal Year 2015	**Total Budgetary Resources**	**Obligations Incurred**	**Net Outlays**
Combined Statement of Budgetary Resources:	**$258**	**$231**	**$210**
Differences:			
Prior Year Unobligated brought forward	(20)		
Recoveries of Prior-Year Resources	(7)		
Other Changes in Obligated Balance	4		
Other (Rounding)	(1)		
Budget of the United States	**$234**	**$231**	**$210**

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, 2016 and 2015.

Resources used to Finance Activities: Budgetary Resources Obligated	**2016**	**2015**
Total Obligations Incurred	$248,360,237	$231,304,986
Less: Spending Authority from Off-setting collections and recoveries		
Earned Reimbursements		
Collected	762,717	723,404
Receivable from Federal Sources	(43,949)	85,207
Change in Unfilled Customers Orders without Advance	81,674	(218,089)
Recoveries of Prior Year Obligations	9,680,199	7,435,004
Total Spending Authority from Off-setting collections and recoveries	$10,480,641	$8,025,526
Obligations Net of Offsetting Collections and Recoveries	$237,879,596	$223,279,460
Net Obligations	$237,879,596	$223,279,460
Other Resources		
Imputed Financing from Costs Absorbed by Others	9,147,922	9,868,436
Net Other Resources	$9,147,922	$9,868,436
Total Resources Used to Finance Activities	$247,027,518	$233,147,896
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	($17,435,247)	($12,780,694)
Resources that Finance the Acquisition of Assets	(6,981,831)	(2,164,581)
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	($24,417,079)	($14,945,275)
Total Resources used to Finance the Net Cost of Operations	$222,610,439	$218,202,621
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	12,027	100,373
Increase in Exchange Revenue Receivable from the Public	-0-	-0-
Change in Other	(149,702)	15,982
Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods	($137,675)	$166,355
Components not Requiring or Generating Resources		
Depreciation and Amortization	4,127,414	1,221,928
Revaluation of Assets or Liabilities	530,260	-0-
Other	(666,661)	(428,241)
Total Components of Net Cost of Operations that will not Require or Generate Resources	$3,991,013	$793,687
Total Components of Net Cost of Operations that will not Require or Generate Resources in the Current Period	$3,853,338	$910,042
Net Cost of Operations	$ 226,463,778	$219,112,663

Note 13: Undelivered Orders at the end of the Period

CSOSA had Undelivered Orders totaling $66,600,627 as of September 30, 2016 and $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 2016.

Summary of Financial Statement Audit:

FY 2016 Audit Opinion:	Unqualified				
Restatement:	No				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
NA	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**

Summary of Management Assurances:

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)					
FY 2016 Statement of Assurance:	Unqualified				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
NA	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**

Effectiveness of Internal Control over Operations (FMFIA § 2)					
FY 2016 Statement of Assurance:	Unqualified				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
NA	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**

Conformance with Financial Management System Requirements (FMFIA § 4)					
FY 2016 Statement of Assurance:	Systems conform to financial management system requirements				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
NA	0	0	0	0	0
Total Material Weaknesses	**0**	**0**	**0**	**0**	**0**

Compliance with Federal Financial Management Improvement Act (FFMIA)		
	Agency	**Auditor**
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), the Improper Payment Elimination and Recovery Improvement Act (IPERIA) of 2012 (P.L. 112-248) 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 2016 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 2016, CSOSA complied with DNP pre-award and pre-payment review requirements initiaited 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, 2016 and 2015

	2016	2015
What Money is Available to be Spent		
Total Resources	$ 276,686,711	$ 257,952,835
Less Amount Available but Not Agreed to be Spent	13,691,886	12,772,749
Less Amount Not Available to be Spent	14,634,588	13,875,100
Total Amounts Agreed to be Spent	$ 248,360,237	$ 231,304,986
How was the Money Spent		
Category A		
Personnel Compensation	$ 106,150,851	$ 105,299,621
Personnel Benefits	44,849,611	42,685,513
Travel and Transportation	1,062,351	1,182,991
Transportation of Things	149,782	107,926
Rent, Communication and Utilities	21,031,319	20,085,673
Printing and Reproductions	62,731	41,792
Other Contractual Services	52,620,011	42,402,383
Supplies and Materials	2,309,832	3,070,646
Equipment	13,403,903	6,423,498
Land and Structures	231,700	610,743
Other	6,488,147	9,394,199
Total Amounts Agreed to be Spent	$ 248,360,237	$ 231,304,986
Who did the Money go to		
Federal	$ 15,837,515	$ 7,578,221
Non-Federal	232,522,722	223,726,765
Total Amounts Agreed to be Spent	$ 248,360,237	$ 231,304,986