Court Services and Offender Supervision Agency
Community Supervision Program
Pretrial Services Agency for the District of Columbia

FY 2026 Agency Financial Report

November 16, 2026

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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 2026 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, 2025 – September 30, 2026. 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 analysis of systems, controls, and legal compliance.

Section II: Financial Section

Provides CSOSA's FY 2026 audited financial statements and notes and the independent auditor's reports.

Section III: Other Information

Contains the Summary of Financial Statement Audit and Management Assurances, the Director's signed Statement of Assurance, and Payment Integrity Information Act reporting.

Agency Head Message

I am proud to share with you CSOSA's FY 2026 Agency Financial Report (AFR), as required by OMB A-136, Financial Reporting Requirements. 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 defendants on pretrial release. Although CSP and PSA have distinct mandates and Strategic Plans, they share one appropriation and common purposes:

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

CSOSA is committed to achieving its strategic goals and enhancing public safety. CSP strives to decrease criminal behavior among its offender population by continuing to develop, implement, and evaluate effective evidence-based offender supervision programs and techniques. CSP focuses its supervision and intervention resources on our highest-risk offenders with the intent of further reducing serious violence within the District of Columbia and the participation of CSP offenders in those crimes.

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 supervision and oversight of these defendants, expand services and support of persons with substance dependence and mental health needs, and lead efforts in implementing drug testing strategies to keep pace with emerging drug use trends.

The AFR is CSOSA's 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 clearly demonstrates our commitment to the effective stewardship of the public's money. We will include our complete FY 2026 Annual Performance Report with our FY 2028 Congressional Budget Justification.

The financial and performance data reported in the FY 2026 AFR is reliable and complete. The fidelity of the reported data is evidenced by CSOSA having received unmodified (unqualified) opinions from our independent auditors since the agency's inception. An unmodified audit opinion affirms that CSOSA's financial

statements were presented fairly in all material respects and in conformity with generally accepted accounting principles. CSOSA's FY 2026 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 confirmed compliance with Federal financial management systems requirements, accounting standards, and the United States Standard General Ledger at the transaction level.

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 2026 AFR.

MARCUS HODGES
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Date: 2026.11.16 15:14:20 -05'00'

Marcus M. Hodges
Interim Director

Section I: Management's Discussion and Analysis

Agency Overview

Community Supervision Program (CSP)

CSOSA's Community Supervision Program supervises adult criminal offenders sentenced by the Superior Court of the District of Columbia (DC Superior Court) to probation and those released from prison by the U.S. Parole Commission (USPC) on parole or supervised release, and monitors individuals subject to Deferred Sentencing Agreements (DSAs) or Civil Protection Orders (CPOs). CSP's website provides additional information about its mission, goals, and principles, approach to community supervision, organizational structure, and history.

On September 30, 2026, CSP supervised or monitored 9,287 people, including 5,994 probationers, 1,873 individuals on supervised release or parole, 359 individuals with DSAs and 1,061 individuals with CPOs. Approximately 6,166 of these people have been recently verified by CSP as residing in the District of Columbia.[1] This represents about 1 in every 112 of the 693,645 current District of Columbia adult residents.

The number of persons on the supervision caseload increased by 16.1 percent from September 30, 2025 (7,998) to September 30, 2026 (9,287). The number of CPO cases increased substantially following an April 2024 request from the DC Superior Court that CSP monitor individuals subject to CPOs for new CPO-related arrests, victim contacts, and weapons-related arrests. This monitoring requirement applied to both individuals with no special conditions and those with additional special conditions.[2] The number of persons on probation also increased by 16.1 percent.

[1] 5,283 (57 percent) of those supervised or monitored on September 30, 2026 were in supervisory disposition in which CSP verifies their residence. Of these, 4,625 (88 percent) resided in the District of Columbia. CSP does not conduct verifications on persons it monitors but not supervises. As of September 30, 2026, the largest group (1,520) are only under CSP monitoring for DSA or CPOs. There are also 976 persons on unmonitored probation, 729 persons monitored in confinement, and 497 persons for whom supervisory responsibility has been transferred to another jurisdiction. Another 1,541 persons not currently in an eligible disposition have recently been verified by CSP as living in the District. Of those eligible for home verifications, there were also 281 persons who were verified as living in an adjacent county, but outside Washington, DC.

[2] In the past, CSP has monitored CPO cases for violations (e.g., arrests) and notified the Court without assigning them onto CSP caseload.

Table 1: Daily population of CSP supervised individuals by supervision type, FYs 2022 - 2026, as of September 30

Fiscal Year	Probation		Parole		Supervised Release		DSA		CPO		Total
	N	%	N	%	N	%	N	%	N	%	N
2022	4,439	64.3%	663	9.6%	1,517	22.0%	174	2.5%	108	1.6%	6,901
2023	4,255	66.2%	507	7.9%	1,351	21.0%	164	2.6%	154	2.4%	6,431
2024	4,729	65.9%	451	6.3%	1,367	19.0%	175	2.4%	455	6.3%	7,177
2025	5,162	64.5%	384	4.8%	1,412	17.7%	170	2.1%	870	10.9%	7,998
2026	5,994	64.5%	328	3.5%	1,545	16.6%	359	3.9%	1,061	11.4%	9,287

Pretrial Services Agency (PSA)

The mission of the Pretrial Services Agency for the District of Columbia (PSA) is to promote pretrial justice and enhance community safety in the Nation's Capital. In fulfilling this mission, PSA assists judicial officers in both the Superior Court of the District of Columbia (DC Superior Court) and the United States District Court for the District of Columbia (US District Court) by conducting a risk assessment for every arrested person who will be presented in court, identifying individuals subject to detention and formulating release condition recommendations, as appropriate, based upon the arrestee's criminal history, drug use and/or mental health information, and relevant demographic information. For defendants who are placed on conditional release pending trial, PSA provides supervision and risk mitigation services intended to reasonably assure that they return to court and do not engage in criminal activity pending their trial and/or sentencing. PSA's website provides additional information about its mission, goals, principles, organizational structure, and history.

PSA's current caseloads include individuals with charges ranging from misdemeanor property offenses to homicide. During FY 2026, PSA served 34,666 arrestees and defendants. The Agency supervised 23,862 defendants on pretrial release, which corresponds to an average of 11,904 defendants on any given day. Most defendants (98 percent) are awaiting trial in DC Superior Court, with a smaller number (2 percent) awaiting trial in US District Court. During this same period, PSA provided services to an additional 10,804 arrestees and defendants, which included completing criminal history checks for persons who were released on citation or personal recognizance or whose charges were dismissed prior to their first appearance in court. Additionally, PSA conducted drug testing for 10,995 non-defendants, bringing the Agency's total responsibility to 45,661 individuals during

this period. Defendants remained under supervision for an average of 117 days in FY 2026.

CSP Activities and Outcomes

CSP enhances public safety in the District of Columbia by guiding offenders away from crime and helping them become responsible members of the community. CSP pursues its two strategic goals, Public Safety and Integration: using risk and needs assessments, CSP determines the level of supervision and necessary interventions for each supervisee, aiming for positive outcomes during supervision and, beyond it, lasting desistance from crime and integration into the community.

FY 2026 tested CSP's capacity. On September 30, 2026, CSP supervised or monitored 9,287 people, 16 percent more than a year earlier (Table 1). New intakes increased from 5,399 in FY 2025 to 6,791 (Table 2). At the same time, the number of on-board Community Supervision Officers (CSOs) decreased, causing the ratio of supervisees to CSOs to grow from 46:1 to 56:1 (Table 3), and significantly increase overtime pay. Even so, supervision outcomes improved in FY 2026 versus FY 2025: a larger share of closed supervision cases ended in successful completion (57.4 percent, up from 52.9 percent), and a smaller share ended in revocation (25.4 percent, down from 27.6 percent; Table 4), as discussed more fully below.

CSP New Offender Intakes

In FY 2026, 6,791 people entered CSOSA supervision: 5,001 on probation, 710 released from incarceration on parole or supervised release, 489 defendants with DSAs, and 591 individuals with CPOs (see Table 2).

Table 2: Offender entries by supervision type, FYs 2022 - 2026, as of September 30

Fiscal Year	Probation		Parole		Supervised Release		DSA		CPO		Total	
	N	%	N	%	N	%	N	%	N	%	N	%
2022	3,336	80.4%	187	4.5%	432	10.4%	105	2.5%	91	2.2%	4,151	100.0%
2023	3,002	78.8%	77	2.0%	441	11.6%	183	4.8%	105	2.8%	3,808	100.0%
2024	3,475	74.9%	97	2.1%	523	11.3%	172	3.7%	373	8.0%	4,640	100.0%
2025	3,914	72.5%	60	1.1%	578	10.7%	206	3.8%	641	11.9%	5,399	100.0%
2026	5,001	73.6%	69	1.0%	641	9.4%	489	7.2%	591	8.7%	6,791	100.0%
Change Over Last Year	**1,087**	**27.8%**	**9**	**15.0%**	**63**	**10.9%**	**283**	**137.4%**	**-50**	**-7.8%**	**1,392**	**25.8%**

Overall, the number of FY 2026 intakes (6,791) increased by 26 percent compared to FY 2025 (5,399). There were approximately 28 percent more probation entries, 15 percent more parolee intakes, and 11 percent more entries to supervised release during FY 2026 as compared to FY 2025.

CSP Close Supervision

Caseload size is a key factor in how closely CSOs can supervise offenders. Smaller caseloads, combined with evidence-based practices, lead to better decisions by CSOs. The ratio of total number of supervisees on October 1st, 2026 (9,287 offenders) to on-board direct supervision CSO positions (166) was 56:1; and is greater than the 46:1 ratio as of October 1st, 2025, when 7,998 offenders were supervised by 175 supervision CSOs (Table 3). Specialized units, such as those for sex offenders and for behavioral health, keep lower caseloads because their supervisees' needs are more complex. Because some CSOs perform investigative and diagnostic work, the ratio below counts only direct supervision CSOs.

Table 3: Supervision caseload comparisons for authorized supervision CSO positions (on-board only)

	1/1/2025			10/01/2025			10/01/2026		
	Total Offenders	On-Board Supervision CSOs	Caseload Ratio	Total Offenders	On-Board Supervision CSOs	Caseload Ratio	Total Offenders	On-Board Supervision CSOs	Caseload Ratio
Special Supervision:									
Sex Offenders	277	13	**21:1**	253	12	**21:1**	219	11	**20:1**
Behavioral Health Men	75	5	**15:1**	93	5	**19:1**	185	10	**19:1**
Behavioral Health and General Supervision Women	257	10	**26:1**	292	9	**32:1**			
Domestic Violence	970	14	**69:1**	586	13	**45:1**	889	19	**47:1**
Traffic Alcohol Program & STAR/HIDTA	327	9	**36:1**	332	7	**47:1**	293	8	**37:1**
High Intensity Supervision (HIST)	387	26	**15:1**	473	26	**18:1**			
Sub-Total: Special Supervision	*2,293*	*77*	***30:1***	*2,029*	*72*	***28:1***	*1,586*	*48*	***33:1***
General Supervision:									
Men Only	1,348	36	**37:1**	1,417	36	**39:1**	1,883	46	**41:1**
Women's Supervision Branch (Teams 141-144)							705	18	**39:1**
EIC - Teams 125/126/127/128	328	24	**14:1**	342	25	**14:1**	266	18	**15:1**
Sub-Total: General Supervision	*1,676*	*60*	***28:1***	*1,759*	*61*	***29:1***	*2,854*	*82*	***35:1***
Interstate Supervision:									
Interstate In	490	13	**38:1**	522	14	**37:1**	475	13	**37:1**
Interstate Out	353	7	**50:1**	386	8	**48:1**	397	6	**66:1**
Interstate Compact Team	538	5	**108:1**	547	5	**109:1**	501	4	**125:1**
Sub-Total: Interstate Supervision	*1,381*	*25*	***55:1***	*1,455*	*27*	***54:1***	*1,373*	*23*	***60:1***
Total: Special, General, Interstate	**5,350**	**162**	**33:1**	**5,243**	**160**	**33:1**	**5,813**	**153**	**38:1**
Administrative Cases:									
Case Monitoring Unit	729	8	**91:1**	849	7	**121:1**	1,015	5	**203:1**
Unsupervised Probation	507	3	**169:1**	1,305	3	**435:1**	1,835	4	**459:1**
Warrant Team	708	6	**118:1**	526	5	**105:1**	533	3	**178:1**
RAP Team	15	0		6	0		9	0	
Unassigned	63	0		62	0		77	0	
Team 201	4	0		7	0		5	0	
Team 65	0	0		0	0		0	1	
Sub-Total: Administrative Cases	*2,026*	*17*	***119:1***	*2,755*	*15*	***184:1***	*3,474*	*13*	***267:1***
Total Supervised Offenders	**7,376**	**179**	**41:1**	**7,998**	**175**	**46:1**	**9,287**	**166**	**56:1**

In the CY 2025 data, CSP previously miscategorized one Women's General and Behavioral Health Team as a High Intensity Supervision Team due to an administrative error. This has been retroactively corrected.

CSP has separate birth sex-specific teams for women. These teams had previously been reported on the Behavioral Health team line because some, but not all, of the offenders supervised by the teams required behavioral health stabilization services. Retroactive to the beginning of CY 2025, CSP will report the Behavioral Health Men's team and Women's teams separately.

Starting with the 10/01/2026 data, the Women's Supervision Branch (Teams 141-144) is reported under General Supervision, matching its classification in SMART. Earlier women's teams remain on the Behavioral Health and General Supervision Women line under Special Supervision.

In addition to the CSOs shown, 34 CSOs served in non-supervisory roles (investigative, diagnostic, intervention, and support units) as of 10/01/2026; they are not included in this table.

CSP Supervision Termination

The manner of supervision termination suggests how effectively the CSO and supervisees interacted to satisfy the conditions of release. CSP uses seven categories to characterize supervision termination:

- **Completed** – Supervision ended with all conditions satisfied, as determined by the release authority.
- **Revoked** – Supervision was formally revoked by the release authority.
- **Unsatisfactory** – One or more conditions were unmet, but supervision was not revoked.
- **Transferred** – Responsibility shifted to another agency or jurisdiction.
- **Death** – Supervision ended due to the supervisee's death.
- **Deported** – Supervision ended following deportation.
- **Other** – Closure occurred for administrative or uncertain reasons.

In FY 2026, CSP recorded the closing of 8,344 supervision periods: 6,434 probation cases, 830 supervised release cases, 227 parole cases, 363 deferred sentence agreements, and 490 civil protection orders (Table 4). Of these, 4,786 (57.4 percent) were completed, an improvement over FY 2025, when the share was 52.9 percent.

Table 4: Case closures by supervision type as of September 30

FY 2026

	Parole		Supervised Release		Probation		Deferred Sentence Agreement		Civil Protection Order		Total	
Completed	106	*46.7%*	224	*27.0%*	3,746	*58.2%*	250	*68.9%*	460	*93.9%*	4,786	*57.4%*
Revoked	45	*19.8%*	485	*58.4%*	1,503	*23.4%*	82	*22.6%*	1	*0.2%*	2,116	*25.4%*
Unsatisfactory	6	*2.6%*	15	*1.8%*	713	*11.1%*	5	*1.4%*	15	*3.1%*	754	*9.0%*
Transferred	32	*14.1%*	57	*6.9%*	240	*3.7%*	0	*0.0%*	0	*0.0%*	329	*3.9%*
Death	14	*6.2%*	21	*2.5%*	83	*1.3%*	1	*0.3%*	4	*0.8%*	123	*1.5%*
Deported	1	*0.4%*	1	*0.1%*	8	*0.1%*	0	*0.0%*	0	*0.0%*	10	*0.1%*
Absconded	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Other	23	*10.1%*	27	*3.3%*	141	*2.2%*	25	*6.9%*	10	*2.0%*	226	*2.7%*
Total	**227**	***100.0%***	**830**	***100.0%***	**6,434**	***100.0%***	**363**	***100.0%***	**490**	***100.0%***	**8,344**	***100.0%***

FY 2025

	Parole		Supervised Release		Probation		Deferred Sentence Agreement		Civil Protection Order		Total	
Completed	131	*52.8%*	212	*26.3%*	3,042	*55.3%*	183	*64.0%*	188	*71.5%*	3,756	*52.9%*
Revoked	65	*26.2%*	449	*55.8%*	1,386	*25.2%*	62	*21.7%*	1	*0.4%*	1,963	*27.6%*
Unsatisfactory	1	*0.4%*	17	*2.1%*	569	*10.3%*	25	*8.7%*	63	*24.0%*	675	*9.5%*
Transferred	17	*6.9%*	53	*6.6%*	251	*4.6%*	0	*0.0%*	0	*0.0%*	321	*4.5%*
Death	13	*5.2%*	35	*4.3%*	103	*1.9%*	1	*0.3%*	4	*1.5%*	156	*2.2%*
Deported	0	*0.0%*	0	*0.0%*	7	*0.1%*	0	*0.0%*	0	*0.0%*	7	*0.1%*
Absconded	0	*0.0%*	0	*0.0%*	1	*0.0%*	0	*0.0%*	0	*0.0%*	1	*0.0%*
Other	21	*8.5%*	39	*4.8%*	144	*2.6%*	15	*5.2%*	7	*2.7%*	226	*3.2%*
Total	**248**	***100.0%***	**805**	***100.0%***	**5,503**	***100.0%***	**286**	***100.0%***	**263**	***100.0%***	**7,105**	***100.0%***

CSP Revocations

The other side of that ledger is revocation, which leads to incarceration in about nine of 10 cases. During FY 2026, 25.4 percent of cases terminating from CSP supervision ended in revocation. This represents an improvement over the same period in FY 2025 when 27.6 percent of terminations were revocations (Table 4).

A revocation typically follows one or more AVRs submitted by CSP to the releasing authority, usually after a series of violations, though sometimes after a single serious event. Noncompliance may involve new arrests, convictions, technical violations of release conditions (such as positive drug tests or missed appointments), or a combination.

Table 5: Characteristics of the revoked offenders for the total supervised population, FYs 2022 - 2026, as of September 30

FY	Supervision Risk Levels Intensive and Maximum		Unstable Housing		Less than HS Diploma		Employed		Female		Behavioral Health Team	
	Revoked	TSP	Revoked	TSP	Revoked	TSP	Revoked	TSP	Revoked	TSP	Revoked	TSP
2022	66.0%	53.7%	20.8%	9.5%	38.7%	30.8%	24.2%	51.5%	7.5%	11.1%	6.6%	4.7%
2023	50.9%	45.9%	18.9%	9.4%	39.8%	29.3%	25.0%	53.3%	8.5%	12.0%	7.0%	4.2%
2024	82.7%	49.3%	20.0%	8.9%	38.9%	28.1%	23.0%	53.0%	10.9%	13.9%	19.1%	4.9%
2025	79.7%	44.9%	19.7%	8.4%	37.9%	26.0%	16.8%	50.6%	11.5%	15.8%	15.5%	3.9%
2026	75.5%	42.2%	18.2%	8.4%	34.6%	24.7%	12.5%	46.8%	12.8%	17.9%	7.6%	2.1%

Compared to the overall supervised population, offenders revoked during FY 2026 were characterized by the following:

- More likely to be assessed and supervised by CSP at the highest risk levels (75.5 percent compared to 42.2 percent for the total supervised population);
- More likely to be supervised by a behavioral health supervision team (7.6 percent compared to 2.1 percent for the total supervised population);
- Have unstable housing (18.2 percent compared to 8.4 percent for the total supervised population);
- Have lower educational attainment (34.6 percent with less than a high school education compared to 24.7 percent for the total supervised population); and
- If employable, less likely to be employed (12.5 percent compared to 46.8 percent for the total supervised population).

FY 2026 CSP at a Glance

In FY 2026, CSP took on more work with fewer officers. Intakes rose 26 percent, to 6,791, and the number of on-board supervision CSOs fell from 175 to 166, raising the caseload ratio from 46:1 to 56:1 with overtime pay rising significantly. Supervision outcomes nonetheless improved. CSP closed 4,786 supervision periods as successfully completed, up from 3,756 in FY 2025, and the completed share of all closures rose from 52.9 percent to 57.4 percent. The share of closures that ended in revocation fell from 27.6 percent to 25.4 percent.

PSA Performance Goals, Objective and Results

PSA updated and published its Strategic Plan for FY 2026–2030 in March 2026. The Plan sets forth the priorities, goals, and objectives that will guide the agency's work in achieving its mission of promoting pretrial justice and enhancing community safety in the Nation's Capital throughout the five-year period. In doing so, the agency prioritizes efficient administration of resources, programs, and services across its components. Agency leaders use this Plan to designate annual performance priorities, drive resource allocations, and transform strategies into measurable results.

PSA's FY 2026–2030 Strategic Plan is composed of two strategic goals and one management objective that outline the long-term outcomes the agency plans to achieve during the strategic period. PSA's two strategic goals focus on effective mission accomplishment and align with the agency's statutory responsibilities of minimizing defendant rearrest and maximizing court appearance, while the management objective focuses on efficient agency administration. Both the strategic goals and management objective are supported by specific objectives essential to PSA's success. Implementation strategies outline how the agency will achieve its objectives, and a comprehensive set of Key Performance Indicators (KPIs) is used to measure progress toward goals. Progress on all goals and objectives is regularly reviewed with staff at all levels of the organization. These reviews promote thoughtful discussion on agency advancement, highlight areas of success, and help identify opportunities for improvements and adjustments.

Under its updated structure, 11 metrics from PSA's FY 2022–2026 Strategic Plan were realigned under the agency's two new strategic goals. A new measure on bench warrant investigations was developed to support Strategic Objective 2.1.

PSA Strategic Goals

Throughout FY 2026, PSA continued to implement data-driven decision-making and enhance its risk-based-services supervision model, customizing release conditions and supervision based on each defendant's assessed risk levels for *failure to appear* and *rearrest*. The agency also regularly monitored outcomes, engaged in routine communication with criminal justice partners, and implemented additional staff training on new procedures. These practices demonstrate PSA's commitment to continuous improvement, ensuring PSA will remain a leader among pretrial services agencies.

Table 6 summarizes PSA's overall performance on its strategic goals from FY 2022 through FY 2026. PSA routinely reviews its performance indicators and develops recommendations for modifying or streamlining existing measures or incorporating new measures that align with the agency's mission.

Table 6: PSA overall performance by strategic goal

Performance Indicator		**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2026–2028**
Performance Description		**Actual**	**Actual**	**Actual**	**Actual**	**Actual**	**Target Range**
Strategic Goal 1	Arrest Free Rate	93%	92%	89%	88%	88% ●	**84% to 88%**
	Arrest Free Rate (Violent Crimes)	99%	99%	99%	99%	99% ●	**96% to 98%**
Strategic Goal 2	Court Appearance Rate	89%	87%	86%	88%	89% ●	**82% to 86%**

PSA Strategic Goal 1: Minimize Rearrest

PSA supervision is designed to enhance public safety by mitigating defendant risk, addressing needs that may impact defendant success on supervision, and helping defendants remain arrest-free. To gauge the agency's effectiveness in minimizing rearrests, PSA measures the rate at which defendants remain arrest-free during the pretrial period.

Strategic Objective 1.1 Risk-Based Services (RBS)

At the start of supervision, PSA administers a scientifically validated risk assessment to determine each defendant's risk of pretrial misconduct. This assessment provides the basis for developing pretrial services reports (PSRs), which the agency delivers to the court and all parties prior to scheduled hearings. These reports supply judges with relevant information and appropriate recommendations grounded in defendant risk that may be considered when determining whether and under what conditions a defendant can be released into the community.

Throughout supervision, PSA focuses resources on defendants most at risk of violating their release conditions and uses graduated levels of supervision and appropriate risk mitigation strategies to promote compliance. In addition, PSA's supervision strategy includes imposing swift, consistent, and graduated responses for non-compliance with release conditions.

To assess the effectiveness of PSA's supervision strategies, the agency measures the timeliness of PSRs submitted to the court and rates of response to defendant

misconduct (e.g., drug use, contact, electronic monitoring, and group session infractions).

Strategic Objective 1.2 Assessment-Driven Risk Mitigation

An effective approach for minimizing rearrests during the pretrial period is addressing underlying issues that may impact a defendant's success under supervision, such as substance use disorders (SUD) and mental health needs, using appropriate risk mitigation strategies. Following a comprehensive assessment, PSA provides appropriate risk mitigation services—either through contract services or referrals—to address defendant stabilization needs and enhance supervision compliance.

Addressing substance use and/or mental health disorders is provided as a component of, and never as a substitute for, PSA's robust supervision protocols. Defendants with behavioral health needs are assigned to supervision units that provide services based on both risk and need. In addition to appropriate risk mitigation, defendants placed in these units have release conditions to support compliance, including substance use testing, regular supervision contact, and participation in behavioral health programs and services. Further, PSA routinely partners with other criminal justice agencies, government and non-profit entities, and community organizations to enhance the agency's ability to provide effective risk mitigation services, enforce accountability, and develop opportunities to address defendant needs while under pretrial supervision.

To gauge the effectiveness of the agency's risk mitigation strategies, PSA measures defendant referral, assessment, and placement in risk mitigation programs, as well as outcomes from SUD programs.

PSA Strategic Goal 2: Maximize Court Appearance

Maximizing court appearance is one of the most fundamental outcome measures for pretrial programs. Within PSA, this strategic goal is measured by the defendant appearance rate, which reflects the percentage of cases where defendants on pretrial release make all scheduled court appearances during the fiscal year.

Strategic Objective 2.1 Failure to Appear Investigations

Promptly responding when defendants miss scheduled court hearings is crucial for ensuring public safety. When a defendant misses a court date, PSA investigates the reason for a defendant's failure to appear (FTA) and takes appropriate action. To gauge the effectiveness of FTA investigations, PSA implemented a measure to

determine the percentage of bench warrants investigated when defendants fail to appear for scheduled court hearings.

Strategic Objective 2.2 Court Appearance Notifications

To minimize failures to appear, defendants are notified of upcoming court dates using various notification methods (i.e., email, text messages, and mailed letters). An analysis of court appearance notification methods suggests that text messages are the most effective in yielding the highest court appearance rates. While defendants identify their preferred notification method at the start of supervision, PSA aims to increase the automation of court notifications and routinely tracks the percentage of defendants receiving electronic notifications.

Financial Analysis

CSOSA's financial statements present the financial position and results of operations of the Community Supervision Program (CSP) and the Pretrial Services Agency (PSA). This analysis highlights significant changes in financial position, operating costs, and budgetary resources between FY 2025 and FY 2026. It should be considered together with the program performance results discussed earlier in this MD&A.

Overview of Financial Results

In FY 2026, CSOSA received appropriations of $287.0 million, including $203.5 million for CSP and $83.5 million for PSA. Total budgetary resources were $357.8 million, and net cost of operations was $289.4 million. At September 30, 2026, the Agency reported assets of $187.5 million, liabilities of $36.1 million, and net position of $151.4 million.

Table 7: Selected financial information

Dollars in millions	FY 2026	FY 2025	Increase / (Decrease)
Total assets	187.5	190.0	(2.5)
Total liabilities	36.1	25.4	10.7
Net position	151.4	164.6	(13.2)
Net cost of operations	289.4	302.1	(12.6)
Total budgetary resources	357.8	366.4	(8.6)
New obligations and upward adjustments	292.4	282.0	10.4
Net outlays	262.5	275.4	(12.9)

Source: FY 2026 comparative financial statements. Changes are calculated before rounding; displayed amounts may not add due to rounding.

Financial Position

Assets

Total assets decreased by $2.5 million, or 1.3 percent, from FY 2025. Fund Balance with Treasury—the Agency's largest asset—decreased by $7.6 million to $168.1 million. This decrease was partly offset by a $5.1 million increase in net property, plant, and equipment, which totaled $19.1 million at year-end.

The increase in net property, plant, and equipment primarily reflected higher net right-to-use lease assets. These assets increased by $8.9 million to $12.1 million. CSP's net internal-use software balance decreased by $4.0 million, partially offsetting the increase in lease assets. Right-to-use lease assets represent recognized rights to use leased property over the applicable lease terms.

The lease note reports recognition of $10.5 million in lease liabilities during FY 2026. The year-end increase in the net carrying amount of right-to-use assets was lower than this recognized amount, reflecting the net movement in the asset balances over the year. CSP also reported a $1.1 million increase in software-in-development, alongside the decline in its in-service software balance. These changes distinguish investment in assets under development from the net carrying value of software already in service.

Liabilities

Total liabilities increased by $10.7 million, or 42.1 percent, to $36.1 million. The largest contributor was an $8.9 million increase in lease liabilities, which totaled $12.1 million at year-end. Accounts payable increased by $2.9 million to $7.9 million. These increases were partly offset by a $1.0 million decrease in the unfunded leave liability, which ended the year at $10.2 million.

Of total liabilities, $10.7 million was not covered by budgetary resources. These liabilities consisted principally of accrued unfunded leave and Federal Employees' Compensation Act liabilities. As described in Note 5, settlement of these obligations requires future budgetary resources.

Net Position

Net position decreased by $13.2 million, or 8.0 percent, to $151.4 million. At year-end, it consisted of $154.6 million in unexpended appropriations, offset by a $3.2 million negative balance in cumulative results of operations.

The Statement of Changes in Net Position reports a $10.7 million decrease in unexpended appropriations and a $2.5 million decrease in cumulative results of operations. During FY 2026, canceled funds of $32.1 million and appropriations used of $265.6 million exceeded appropriations received of $287.0 million. Net cost of operations exceeded appropriations used and imputed financing by approximately $2.5 million.

Operating Costs and Program Performance

Net cost of operations decreased by $12.6 million, or 4.2 percent, from $302.1 million in FY 2025 to $289.4 million in FY 2026. CSP's net program costs decreased by $9.7 million to $165.1 million, PSA's net program costs decreased by $0.4 million to $72.0 million, and costs not assigned to programs decreased by $2.5 million to $52.4 million.

CSP accounted for approximately $9.7 million of the Agency's $12.6 million decrease in net cost. The statement separately presents $52.4 million in costs not assigned to programs; consequently, CSP's and PSA's displayed program costs do not, by themselves, represent the Agency's full net cost. The change in total net cost should not be interpreted as a measure of efficiency savings or a reduction in workload without considering the underlying cost composition and program results.

These financial results occurred during a period of increased supervision workload. CSP's supervised or monitored population increased by approximately 16 percent, and new intakes increased by approximately 26 percent. The number of on-board direct supervision officers decreased from 175 to 166, increasing the overall caseload ratio from 46:1 to 56:1. The share of supervision closures classified as completed increased from 52.9 percent to 57.4 percent, while the share ending in revocation decreased from 27.6 percent to 25.4 percent.

PSA served 34,666 arrestees and defendants during FY 2026, including 23,862 defendants supervised on pretrial release. Its reported arrest-free rate was 88 percent, and its court-appearance rate was 89 percent. These program-level results

provide context for the Agency's use of resources; they do not, by themselves, establish that changes in spending caused changes in performance.

Budgetary Resources and Execution

Total budgetary resources decreased by $8.6 million, or 2.3 percent, to $357.8 million. Although annual appropriations increased by $1.0 million, the unobligated balance brought forward from prior-year budget authority, net, decreased from $80.6 million to $70.8 million. The smaller balance brought forward was the principal component of the decline in total budgetary resources.

New obligations and upward adjustments increased by $10.4 million, or 3.7 percent, to $292.4 million. Net outlays decreased by $12.9 million, or 4.7 percent, to $262.5 million. Obligations and outlays measure different stages of budget execution: obligations reflect commitments requiring payment, while outlays reflect payments made. An increase in obligations does not necessarily produce an increase in outlays in the same fiscal year.

The Agency's year-end obligated balance not yet disbursed increased by $11.4 million, from $91.3 million to $102.7 million. This increase provides context for the difference between higher obligations and lower outlays: at year-end, a larger balance of obligations remained to be paid. The net movement includes activity across fiscal-year accounts and should not be read as a dollar-for-dollar reconciliation of current-year obligations to payments.

The year-end unobligated balance was $65.4 million, including $8.4 million in unexpired accounts and $56.9 million in expired accounts. These balances should be distinguished from cash available for unrestricted use; their availability is governed by the purposes and periods of the underlying appropriations. Expired balances are not available for new obligations but may support eligible adjustments and liquidation of existing obligations during the applicable expired-account period.

Relationship Between Net Cost and Net Outlays

FY 2026 net cost of operations was $289.4 million, compared with net outlays of $262.5 million. The measures differ because expenses and budgetary payments are recognized on different bases. Note 11 reconciles them through adjustments for depreciation and amortization, changes in assets and liabilities, imputed employee-benefit costs, capital acquisitions, and recognition of right-to-use lease assets. These adjustments distinguish the cost of resources consumed during the year from the timing of cash payments.

Financial Management Systems and Improvement Strategy

CSOSA's financial management systems support transaction processing, financial reporting, budgetary control, payment accuracy, and management decision-making. The Department of the Interior's Interior Business Center provides financial management services, with Oracle Federal Financials serving as the Agency's core financial management system and Oracle Analytics Server supporting reporting. Supporting systems include the Invoice Processing Platform for invoices, E2 Solutions for travel, and Contract Lifecycle Management for contract actions. The Agency's financial management systems strategy focuses on providing accurate, reliable, and timely information, maintaining effective internal controls, and supporting compliance with applicable requirements. During FY 2026, significant improvements included:

- Deployed Pay.gov Collections Pages and eBilling and deployed the Federal Reserve's FedRevCollect mobile application in compliance with electronic collection requirements outlined in Executive Order 14247 (Modernizing Payments To and From America's Bank Account) dated March 25, 2025.

Remaining improvement priorities:

- Continue planning for CSOSA's required travel system migration from E2 Solutions to GO.GOV planned for 2027.
- Continue compliance with implementation of Treasury's G-Invoicing system requirements for intra-governmental buy/sell transactions. Migrate remaining intra-governmental transactions to G-Invoicing based on the capabilities of CSOSA's service partners.

CSOSA assesses its internal controls and financial management systems to support effective operations, reliable reporting, and compliance with applicable laws and regulations. The FY 2026 assessment included a June 2026 internal control data call coordinated by the CSP Quality Improvement Unit, participation by component heads and responsible management officials, and a risk assessment of Pretrial Services Agency operations. The assessment considered program management, security, policies and procedures, communication and oversight, and prior audit and evaluation results.

CSOSA's compliance activities include information-security oversight, federal spending reporting, payment processing, and funds control. Based on its FY 2026

assessments, management concluded that internal controls over operations, reporting, and compliance with applicable laws and regulations were operating effectively as of September 30, 2026. No material weaknesses or financial management system nonconformances were identified. Management also determined that the Agency's financial management systems substantially complied with the requirements of FFMIA. The Interim Director's signed FY 2026 Statement of Assurance addressing FMFIA Sections 2 and 4 and FFMIA is presented in Section III, Other Information. The related Summary of Financial Statement Audit and Management Assurances is also presented in Section III.

Forward-Looking Information

Other than the activities already identified in this report, there are no other known or anticipated risks, uncertainties, future events or conditions, or trends that could significantly impact the future financial position, condition, or operating performance of CSOSA.

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.

Section II: Financial Section

A. Message from the Chief Financial Officer

I am pleased to announce that CSOSA has earned an unmodified audit opinion on its 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. The FY 2026 auditor's report on internal controls over financial reporting did not identify any material weaknesses. CSOSA recognizes the Government-wide funding constraints under which we currently operate. We continue to review and implement methods to operate more efficiently 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 2027.



Paul Girardo
Chief Financial Officer

BROWN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

INDEPENDENT AUDITOR'S REPORT

Director
Court Services and Offender Supervision Agency
Washington, D.C.

In our audits of the fiscal years 2026 and 2025 financial statements of the Court Services and Offender Supervision Agency (CSOSA), we found:

- CSOSA's financial statements as of and for the fiscal years ended September 30, 2026, and 2025, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed;[1] and
- no reportable noncompliance for fiscal year 2026 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes a section on required supplementary information (RSI)[2] and a section on other information included with the financial statements; [3] (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

Opinion

In accordance with t U.S. generally accepted government auditing standards, we have audited CSOSA's financial statements. CSOSA's financial statements comprise the balance sheets as of September 30, 2026, and 2025; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements. In our opinion, CSOSA's financial statements present fairly, in all material respects, CSOSA's financial position as of September 30, 2026, and 2025, and its net costs of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

[1] A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, 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 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.
[2] The RSI consists of Management's Discussion and Analysis and the Statement of Budgetary Resources, which are included with the financial statements.
[3] Other information consists of information included with the financial statements, other than the RSI, Financial section, and the auditor's report.

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Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CSOSA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for:

- the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles;
- preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles;
- preparing and presenting other information included in CSOSA's Agency Financial Report (AFR) and ensuring the consistency of that information with the audited financial statements and the RSI; and
- designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the

purpose of expressing an opinion on the effectiveness of CSOSA's internal control over financial reporting. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the financial statement audit.

Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required under standards issued by FASAB, which considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context.

We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted government auditing standards. These procedures consisted of (1) inquiring of management about the methods used to prepare the RSI and (2) comparing the RSI for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

CSOSA's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in CSOSA's AFR. The other information comprises the following sections: a detailed statement of management assurances and other information that is applicable in the annual report. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control over Financial Reporting

In connection with our audits of CSOSA's financial statements, we considered CSOSA's internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies[4] or to express an opinion on the effectiveness of CSOSA's internal control over financial reporting. Given these limitations, during our 2026 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to CSOSA's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget audit guidance.

Responsibilities of Management for Internal Control over Financial Reporting

CSOSA management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Consideration of Internal Control over Financial Reporting

In planning and performing our audit of CSOSA's financial statements as of and for the fiscal year ended September 30, 2026, in accordance with U.S. generally accepted government auditing standards, we considered CSOSA's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CSOSA's internal control over financial reporting. Accordingly, we do not express an opinion on CSOSA's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

[4]. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that:

- transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and

- transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of CSOSA's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of CSOSA's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of CSOSA's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2026 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to CSOSA. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

CSOSA's management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to CSOSA.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to CSOSA that have a direct effect on the determination of material amounts and disclosures in CSOSA's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all provisions of laws, regulations, contracts, and grant agreements applicable to CSOSA. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Brown & Company

Greenbelt, Maryland
November 12, 2026

Court Services and Offender Supervision Agency
Balance Sheets
As of September 30, 2026 and 2025
(In Dollars)

	2026	2025
Assets		
Intragovernmental		
Fund Balance with Treasury - Note 2	$ 168,099,478	$ 175,649,895
Accounts Receivable - Federal - Note 3	6,355	4,224
Advances and Prepayments	228,385	278,451
With The Public		
Accounts Receivable - Note 3	11,658	11,411
General and right-to-use property, plant, and equipment, net - Note 4	19,137,715	14,017,954
Total Assets	**$ 187,483,591**	**$ 189,961,935**
Liabilities		
Intragovernmental Liabilities:		
Accounts Payable - Note 5	$ 1,686,920	$ 28,099
Other liabilities		
Employer Contributions and Payroll Taxes Payable - Note 5	1,624,123	1,608,568
Unfunded FECA Liability - Note 5	99,659	86,168
With The Public		
Accounts Payable - Note 5	6,169,729	4,889,266
Federal employee and veteran benefits payable		
Accrued Funded Payroll and Leave - Note 5	3,662,536	3,673,722
Employer Contributions and Payroll Taxes Payable - Note 5	159,022	150,008
Unfunded Leave - Note 5	10,213,821	11,239,387
Actuarial FECA Liability - Note 5	395,979	498,572
Other Liabilities		
Lessee Lease Liability - Note 7	12,077,866	3,227,844
Total Liabilities - Note 5	**$ 36,089,656**	**$ 25,401,634**
Net Position		
Unexpended Appropriation	154,565,355	165,233,288
Cumulative Results of Operations	(3,171,420)	(672,987)
Total Net Position	**$ 151,393,935**	**$ 164,560,301**
Total Liabilities and Net Position	**$ 187,483,591**	**$ 189,961,935**

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

Court Services and Offender Supervision Agency
Statements of Net Cost
For The Periods Ended September 30, 2026 and 2025
(In Dollars)

	2026	2025
Gross Program Costs		
Community Supervision Program (CSP)		
Total Cost	$ 165,080,047	$ 174,811,191
Earned Revenue - Note 6	-0-	-0-
Net Program Costs	165,080,047	174,811,191
Pretrial Services Agency (PSA)		
Total Cost	71,985,950	72,394,015
Earned Revenue - Note 6	(28,467)	(20,701)
Net Program Costs	71,957,483	72,373,314
Net Program Costs	**$ 237,037,530**	**$ 247,184,504**
Cost not assigned to programs	**52,412,212**	**54,876,811**
Net Cost of Operations	**$ 289,449,742**	**$ 302,061,315**

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

Court Services and Offender Supervision Agency
Statements of Changes in Net Position
For The Periods Ended September 30, 2026 and 2025
(In Dollars)

	2026	2025
Unexpended Appropriations		
Beginning Balance	$ 165,235,260	$ 175,333,155
Appropriations Received	287,017,000	286,016,000
Canceled Funds	(32,050,046)	(18,825,255)
Appropriations Used	(265,636,859)	(277,290,612)
Change in Unexpended Appropriations	(10,669,905)	(10,099,867)
Total Unexpended Appropriations	**154,565,355**	**165,233,288**
Cumulative Results of Operations		
Beginning Balance	(674,959)	(1,140,923)
Appropriations Used	265,636,859	277,290,612
Imputed Financing - Note 8	21,316,422	25,238,639
Net Cost of Operations	289,449,742	302,061,315
Change in Cumulative Results of Operations	(2,496,461)	467,936
Total Cumulative Results of Operations	**(3,171,420)**	**(672,987)**
Net Position	**$ 151,393,935**	**$ 164,560,301**

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

Court Services and Offender Supervision Agency

Statements of Budgetary Resources

For The Periods Ended September 30, 2026 and 2025

(In Dollars)

	2026	2025
Budgetary Resources		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	$ 70,812,968	$ 80,553,094
Appropriations (discretionary and mandatory)	287,017,000	286,016,000
Spending authority from offsetting collections (discretionary and mandatory)	(59,298)	(194,011)
Total Budgetary Resources	**$ 357,770,670**	**$ 366,375,083**
Status of Budgetary Resources		
New obligations and upward adjustments (total)	$ 292,396,383	$ 281,968,178
Unobligated balance, end of year;		
Apportioned, unexpired account	8,425,261	10,185,536
Unapportioned, unexpired accounts	1	6,756,000
Unexpired unobligated balance, end of year	8,425,262	16,941,536
Expired unobligated balance, end of year	56,949,025	67,465,369
Unobligated balance, end of year (total)	65,374,287	84,406,905
Total Budgetary Resources	**$ 357,770,670**	**$ 366,375,083**
Outlays, net:		
Outlays, net (total) (discretionary and mandatory)	262,517,371	275,378,164
Distributed offsetting receipts (-)	-0-	-0-
Agency outlays, net (discretionary and mandatory)	**$ 262,517,371**	**$ 275,378,164**

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

D. Notes to the FY 2026 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's (DC) 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. Most of the agency's funding comes from appropriations. Additional authority is provided through Interagency Agreements. This additional funding consists of reimbursable work performed by CSOSA on behalf of the requesting entity.

The CSOSA appropriation supports both the CSP and PSA.

In FY 2026, the agency was appropriated $287,017,000 from Congress (P.L. 119-75).

	Total FY 2026	Total FY 2025
CSP	$203,542,000	$200,034,000
PSA	83,475,000	85,982,000
Total	**$287,017,000**	**$286,016,000**

Changes in Financial Statement Presentation

The FY 2026 financial statements present comparative information for FY 2026 and FY 2025. The FY 2025 financial statements were presented on a single-year basis.

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.

Accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information. Accordingly, modifications may have been made to certain presentations and disclosures.

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.

Revenues and Other Financing Sources

CSOSA receives most of the 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 Interagency Agreements. 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 primarily represent 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 is considered fully collectible based on historical precedent.

Property, Plant and Equipment

Property, plant, 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 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. CSOSA follows SFFAS 10 for capitalization of software in the development phase. 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.

New Accounting Standards

CSOSA implemented the new accounting standard, Statement of Federal Financial Accounting Standards 64: Management's Discussion and Analysis (SFFAS 64), which was effective beginning in FY 2026. Among other things, this standard guides the preparation of a balanced, concise, integrated, and understandable MD&A that is useful for all users, including those who are not experts in federal government financial matters.

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's appropriation are classified as liabilities not covered by budgetary resources.

Contingencies and Commitments

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

Annual, Sick and Other Leave

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

Interest on Late Payments

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

Retirement Plans

CSOSA participates in the retirement plans offered by the Office of Personnel Management (OPM) and does not maintain any private retirement plans. CSOSA employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). For employees covered by the CSRS, CSOSA contributes 7.0 percent of the employees' gross pay for normal retirement and 7.5 percent for law enforcement retirement. For employees covered by the FERS, the percentage that CSOSA contributes is 18.4 percent of employees' gross pay for normal retirement and 38.2 percent for law enforcement retirement. For FERS-RAE and FERS-FRAE the percentage that CSOSA contributes is 16.5 percent of employees' gross pay for normal retirement and 36.4 percent for law enforcement retirement. All employees are eligible to contribute to the federal Thrift Savings Plan (TSP). For employees covered by the FERS plans, 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, as 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.

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 CSOSA's size, 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 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 agency accompanying financial statements. CSOSA management determined that none of its funds should be earmarked.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

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, 2026.

Fund Balance	CSP	PSA	Total FY 2026	Total FY 2025
Appropriated Funds	$138,078,801	$30,020,677	$168,099,478	$175,649,895

Status of the Fund Balance with Treasury consists of the following as of September 30, 2026:

Status of Fund Balance	CSP	PSA	Total FY 2026	Total FY 2025
Unobligated Balance	$60,909,384	$4,464,903	$65,374,287	$84,422,364
Obligated Balance not yet Disbursed	77,169,417	25,562,129	102,731,546	91,333,214
Less: Reimbursable Obligations	-0-	-0-	-0-	(86,000)
Less: Accounts Receivable	-0-	(6,355)	(6,355)	(19,683)
Total	**$138,078,801**	**$30,020,677**	**$168,099,478**	**$175,649,895**

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 services performed through Interagency Agreements. All receivables are considered collectible based on historical precedent; there is no allowance for uncollectable accounts. The receivable consists of the following:

Receivables	CSP	PSA	Total FY 2026	Total FY 2025
Federal Receivable	$-0-	$6,355	$6,355	$4,224
Allowance for Uncollectable Receivables	-0-	-0-	-0-	-0-
Net Federal Receivable	***-0-***	***6,355***	***6,355***	***4,224***
Public Receivable	8,262	3,396	11,658	15,459
Allowance for Uncollectable Receivables	-0-	-0-	-0-	(4,048)
Net Public Receivable	***8,262***	***3,396***	***11,658***	***11,411***
Total Net Receivables	**$8,262**	**$9,751**	**$18,013**	**$15,635**

Note 4: General Property, Plant and Equipment, Net

Equipment consists of Computer equipment, Security equipment, and Laboratory equipment used for the purpose of drug testing related to CSOSA's mission to supervise offenders and defendants. Leasehold improvements represent modifications made to leased real estate space to meet CSOSA's specific needs.

CSOSA 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. CSOSA amortizes leasehold improvements based on the remaining period of the lease; equipment is depreciated for five years, and internal use software is depreciated for two to five years.

Property, Plant and Equipment balances as of September 30, 2026 are as follows:

CSP	Estimated Useful Life	Purchase Cost	Accumulated Depreciation	Net Book Value FY 2026	Net Book Value FY 2025
Construction in Progress		$-0-	$-0-	$-0-	$-0-
Equipment	5yrs	8,999,395	8,152,192	847,203	1,069,756
Leasehold Improvements	Based on life of lease	12,024,311	11,417,379	606,932	1,237,827
Lease Right-to-Use	Based on life of lease	14,332,287	2,376,872	11,955,415	2,992,975
Internal Use Software	2yrs	21,466,622	19,413,945	2,052,677	6,030,689
Internal Use Software in Development		2,646,769	-0-	2,646,769	1,516,482
Total CSP		**$59,469,384**	**$41,360,388**	**$18,108,996**	**$12,847,729**

PSA	Estimated Useful Life	Purchase Cost	Accumulated Depreciation	Net Book Value FY 2026	Net Book Value FY 2025
Construction in Progress		$83,127	$-0-	$83,127	$-0-
Equipment	5yrs	5,200,331	4,492,599	707,732	787,460
Leasehold Improvements	Based on life of lease	704,958	589,550	115,408	150,918
Lease Right-to-Use	Based on life of lease	416,514	294,062	122,452	231,847
Internal Use Software	2yrs	8,604,532	8,604,532	-0-	-0-
Internal Use Software in Development		-0-	-0-	-0-	-0-
Total PSA		**15,009,462**	**13,980,743**	**1,028,719**	**1,170,225**

Total CSOSA		**$74,478,846**	**$55,341,131**	**$19,137,715**	**$14,017,954**

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 11: Reconciliation of Net Cost of Operations (proprietary) to Budget. Liabilities not covered by Budgetary Resources consist of the following as of September 30, 2026:

	CSP	PSA	Total FY 2026	Total FY 2025
Accrued Unfunded Liability - Intragovernmental	$80,502	$19,158	$99,660	$86,168
Actuarial FECA Liability - Intragovernmental	-0-	-0-	-0-	-0-
Sub-Total Liabilities Not Covered by Budget Resources - Intragovernmental	***80,502***	***19,158***	***99,660***	***86,168***
Accrued Unfunded Liability - With the Public	6,282,078	3,931,742	10,213,820	11,239,387
Actuarial FECA Liability - With the Public	305,752	90,227	395,979	498,572
Custodial Liability - With the Public	-0-	-0-	-0-	-0-
Sub-Total Liabilities Not Covered by Budget Resources - With the Public	***6,587,830***	***4,021,969***	***10,609,799***	***11,737,959***
Total Liabilities Not Covered by Budgetary Resources	6,668,332	4,041,127	10,709,459	11,824,127
Total Liabilities Covered by Budgetary Resources	18,667,511	6,712,686	25,380,197	13,577,507
Total Liabilities	**$25,335,843**	**$10,753,813**	**$36,089,656**	**$25,401,634**

Note 6: Exchange/Earned Revenue

CSOSA earns exchange revenue through interagency agreements with other federal and District of Columbia entities for which CSOSA provides services. Revenues are recognized when 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, 2026:

Exchange/Earned Revenue	Intragovernmental Revenue	Earned Revenue from Public	Total FY2026	Total FY2025
CSP	$-0-	$-0-	$-0-	$-0-
PSA	22,897	5,570	28,467	20,701
Total CSOSA	**$22,897**	**$5,570**	**$28,467**	**$20,701**

Note 7: Leases

Operating leases have been established as of September 30, 2026, with future lease payments due for non-cancelable terms longer than one year. Many of the operating leases that expire over an extended period include an option to renew the lease for additional periods. Most of the 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 beyond the terms of current leases. Rent expense for the year was $17,654,793 at September 30, 2026.

	CSP		PSA		
Future Operating Lease Payments	***Federal***	***Non-Federal***	***Federal***	***Non-Federal***	***Total***
Fiscal Year 2027	$1,210,250	$1,766,833	$611,164	$120,889	$3,709,136
Fiscal Year 2028		1,809,319	611,164	-0-	2,420,483
Fiscal Year 2029	-0-	855,837	613,795	-0-	1,469,632
Fiscal Year 2030	-0-	870,848	560,661	-0-	1,431,510
Fiscal Year 2031	-0-	886,235	524,045	-0-	1,410,280
Fiscal Year 2032 and beyond	-0-	4,675,783	1,462,959	-0-	6,138,742
Total Future Operating Lease Payments	**$1,210,250**	**$10,864,854**	**$4,383,789**	**$120,889**	**$16,579,782**

Federal reporting entities are required to report a right-to-use lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement. CSOSA's lease agreements for its offices originating with non-federal entities are subject to this standard as operating leases. CSOSA recognized lease liabilities of $10,540,500 utilizing a discount rate of 4.97% in FY 2026.

Future lease payments due on these operating lease liabilities as of September 30, 2026, are as follows:

Lease Liability - Capitalized Leases	Principal	Interest	Total
Fiscal Year 2027	$1,136,253	$548,665	$1,684,918
Fiscal Year 2028	943,813	510,554	1,454,367
Fiscal Year 2029	243,369	484,779	728,148
Fiscal Year 2030	270,814	472,346	743,160
Fiscal Year 2031	300,005	458,541	758,546
Fiscal Years 2032-2036	2,006,116	2,031,225	4,037,341
Fiscal Years 2037-2041	3,059,890	1,424,094	4,483,984
Fiscal Years 2042-2046	4,117,607	521,389	4,638,996
Total	**$12,077,867**	**$6,451,593**	**$18,529,460**

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 "regular" employees of CSRS, OPM calculated that 24.6 percent and 52.8 percent for FERS and 56.0 percent and 40.7 percent for CSRS and CSRS Offset, respectively, of each employee's salary would be sufficient to fund these projected pension benefit costs. The cost to be paid by other agencies is the total calculated future costs, less employee and employer contributions. In addition, other retirement benefits, which include health and life insurance that are paid by other federal entities, must also be disclosed.

Imputed financing sources consists of the following as of September 30, 2026:

	CSP	PSA	Total FY 2026	Total FY 2025
FEHB	$5,732,183	$3,486,579	$9,218,762	$9,652,688
FEGLI	15,238	7,943	23,181	25,172
Pensions	7,663,257	4,411,222	12,074,479	15,560,779
Total	**$13,410,678**	**$7,905,744**	**$21,316,422**	**$25,238,639**

Note 9: Contingencies and Commitments

CSOSA is a party to various administrative proceedings, legal actions, and claims. As of September 30, 2026, there are three cases classified as probable with estimated losses ranging from $0 to $300,000, and three cases classified as reasonably possible with estimated losses ranging from $0 to $35,300.

FY 2026 Contingencies & Commitments	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
Legal Contingencies:			
Probable	$-0-	$-0-	$300,000
Reasonably Possible		$-0-	$35,300
Environmental Contingencies:			
Probable	-0-	-0-	-0-
Reasonably Possible	-0-	-0-	-0-
Other Contingencies:			
Probable	-0-	-0-	-0-
Reasonably Possible		-0-	-0-

Note 10: Explanation of Differences between the Statement of Budgetary Resources and the 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 2027, which contains actual budget results for fiscal year 2025, was released in April 2026. The Budget with the actual amounts for FY 2026, will be available at a later date at: www.whitehouse.gov/omb/informationresources/budget.

There were no material differences between the amounts for fiscal year 2025 published in the President's FY 2027 Budget and those reported in the accompanying SBRs for the fiscal year ending on September 30, 2025, for obligations incurred or net outlays. For total budgetary 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.

The following is the reconciliation of the 2025 SBR to the 2027 President's Budget.

Fiscal Year 2025	Total Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources:	$366	$282	$-0-	$275
Differences:				
Prior Year Unobligated brought forward	(81)			
Recoveries of Prior-Year Resources	(17)			
Other Changes in Obligated Balance	18			
Other (Rounding)	-0-			
Budget of the United States	**$286**	**$282**	**$-0-**	**$275**
Amounts are in millions				

Note 11: 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, 2026:

	Intra-governmental	With the public	Total FY 2026	Total FY 2025
NET COST	$103,380,999	$186,068,743	$289,449,742	$302,061,315
Components of Net Cost That Are Not Part of Net Outlays:				
Depreciation and Amortization	-0-	(7,044,628)	(7,044,628)	(7,030,064)
Increase/(decrease) in assets:				
Accounts receivable	2,132	247	2,378	856
Advances	(50,067)	-0-	(50,067)	25,520
(Increase)/decrease in liabilities:				
Accounts payable	(1,658,821)	(1,280,464)	(2,939,285)	(1,180,473)
Salaries and benefits	-0-	1,130,331	1,130,331	1,210,682
Lessee Lease Liability	-0-	(8,850,022)	(8,850,022)	-0-
Other liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	(29,046)	-0-	(29,046)	964,105
Other financing sources:				
Federal employee retirement benefit costs paid by OPM and imputed to the agency	(21,316,422)	-0-	(21,316,422)	(25,238,639)
Total Components of Net Cost That Are Not Part of Net Outlays	**(23,052,225)**	**(16,044,536)**	**(39,096,761)**	**(31,248,013)**
Components of Net Outlays That Are Not Part of Net Cost:				
Acquisition of capital assets	-0-	1,623,890	1,623,890	4,564,862
Miscellaneous Items				
Recognition of right-to-use lease assets		10,540,500	10,540,500	-0-
NET OUTLAYS	**$80,328,774**	**$182,188,597**	**$262,517,371**	**$275,378,164**

Note 12: Undelivered Orders at the end of the Period

CSOSA had Undelivered Orders consisting of the following as of September 30, 2026:

	Federal	Non-Federal	Total FY 2026	Total FY 2025
Undelivered Orders	$22,459,369	$67,201,661	$89,661,030	$81,262,303
Delivered Orders-Paid	26,881,037	235,710,970	262,592,007	275,383,003
Delivered Orders-Unpaid	$3,311,043	$9,990,988	$13,302,031	$10,349,363

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 2026.

Summary of Financial Statement Audit

FY 2026 Audit Opinion:		Unmodified			
Restatement:		No			
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)					
FY 2026 Statement of Assurance:	Unmodified				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0
Effectiveness of Internal Control over Operations (FMFIA § 2)					
FY 2026 Statement of Assurance:	Unmodified				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0
Conformance with Financial Management System Requirements (FMFIA § 4)					
FY 2026 Statement of Assurance:	Systems conform to financial management system requirements.				
Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Analysis of Entity's Systems, Controls, and Legal Compliance — Management Assurances

STATEMENT OF ASSURANCE

CSOSA management is responsible for establishing and maintaining effective internal controls and financial management systems consistent with the Federal Managers' Financial Integrity Act of 1982 (FMFIA), the Federal Financial Management Improvement Act of 1996 (FFMIA), and OMB Circular A-123.

For FY 2026, CSOSA assessed the effectiveness of its internal controls and the conformance of its financial management systems with applicable requirements. The assessment included a June 2026 internal control data call coordinated by the Quality Improvement Unit, input from component heads and responsible management officials, and a risk assessment of Pretrial Services Agency operations. Management used the Government Accountability Office's Standards for Internal Control in the Federal Government as the framework for evaluating internal control effectiveness.

Based on these assessments, CSOSA provides an unmodified statement of assurance that its internal controls over operations, reporting, and compliance with applicable laws and regulations were operating effectively as of September 30, 2026, in accordance with Section 2 of FMFIA. No material weaknesses were identified.

In accordance with Section 4 of FMFIA, CSOSA's financial management systems conformed to applicable federal financial management systems requirements as of September 30, 2026. No system nonconformances were identified.

Management has determined that, as of September 30, 2026, CSOSA's financial management systems substantially complied with the requirements of FFMIA: federal financial management systems requirements, applicable federal accounting standards, and the U.S. Standard General Ledger at the transaction level.

CSOSA remains committed to maintaining effective internal controls, addressing identified risks, and safeguarding the resources entrusted to the Agency.

MARCUS HODGES

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Date: 2026.10.29 12:54:34 -04'00'

Marcus Hodges
Interim Director

Payment Integrity Information Act Reporting

Executive Summary

CSOSA maintains payment integrity through payment authorization and approval controls, supplier screening through Treasury's Do Not Pay services, management reviews, and program-specific risk assessments supported by selected-payment testing.

CSOSA conducts PIIA improper-payment risk assessments for the Community Supervision Program (CSP) and the Pretrial Services Agency (PSA) on the same three-year cycle. In off-cycle years, CSOSA monitors payment-integrity risks through management reviews, payment controls, supplier screening, and follows-up on identified exceptions. CSOSA was determined by CSP's Quality Improvement Unit to be compliant with PIIA in its off-cycle compliance review of FY 2025 completed in May 2026.

For FY 2026, the Agency completed separate program assessments for CSP and PSA in October 2026. CSP's testing covered 479 selected FY 2026 payroll, credit-card, and vendor payments totaling approximately $11.4 million. No exceptions or improper payments were identified, and no selected payments remained unknown or unresolved. PSA also performed FY 2026 selected-payment testing and reported favorable results. These tests supported the programs' risk assessments; they were not agency-wide statistical estimates of annual improper payments. Neither program was identified as susceptible to significant improper and unknown payments for FY 2026.

Use of Do Not Pay

CSOSA uses Treasury's Do Not Pay Working System to support payment and award eligibility reviews. For CSP and PSA, the Department of the Interior's Interior Business Center (IBC) uses Treasury's Online Search and Continuous Monitoring services and submits non-Federal and employee supplier records for weekly monitoring. IBC and CSOSA review potential exceptions identified by Treasury and coordinate verification and appropriate supplier-record actions.

IBC and CSOSA review DNP screening results and coordinate supplier-record corrections or end-dating, as appropriate. These actions support preventive controls; however, CSOSA has not quantified specific improper payments prevented through these supplier-record actions and does not attribute a number or dollar amount of prevented improper payments to them. The information currently available does not establish a measurable FY 2026 reduction in improper

payments or awards attributable to DNP. Favorable selected-payment testing results do not independently demonstrate DNP's effectiveness.

During FY 2026, CSOSA made approximately 1,700 electronic funds transfer payments totaling approximately $52.7 million to suppliers covered by IBC's Do Not Pay monitoring process. This population excludes Federal suppliers. Monitoring operates at the supplier-record level rather than as an individual-payment screening process.

Payment Integrity Reports

Additional payment-integrity information is available at PaymentAccuracy.gov.

- The Annual Risk Assessment Report
- The Annual Report on Actions to Recover Improper Payments Identified in a Recovery Audit

The applicable reports may be accessed through the Congressional Reports page under Resources on PaymentAccuracy.gov by selecting the relevant report, agency, and fiscal year.

Appendix A: CSP Organization Structure

The Community Supervision Program (CSP) includes agency-wide management, program development, supervision operations, and operational support functions, as shown in CSOSA's organizational structure. FY 2026 CSP offices include:

- CSOSA Office of the Director,
- Office of Behavioral Interventions (OBI),
- Office of Research and Evaluation,
- Office of Community Supervision and Intervention Services (OCSIS),
- Office of General Counsel,
- Office of Legislative, Intergovernmental, and Public Affairs (OLIPA),
- Office of Administration (Procurement, Facilities/Property and Security),
- Office of Financial Management,
- Office of Human Resources, and
- Office of Information Technology.

OCSIS performs CSP's direct offender supervision services. It is organized under an Associate Director and is comprised of four divisions:

- Operations Support Division (OSD)
    - Illegal Substance Collection Unit
    - Performance Support Unit
    - Administrative Support Unit
- Reception and Processing Center, Investigations, and Business Analytical Support Division (RIBD)
    - Offender Intake, Sex Offender Registry (SOR), Case Monitoring Unit, and Records and Information Management Unit Operations
    - Offender Investigations, Diagnostics, Evaluations; Unsupervised Probation; and Reentry Supportive Housing (RESH) Team
    - Business Analytical Support Unit
- Accountability and Monitoring Division (AMD)
    - General Supervision Teams
    - Behavioral Health and Female Offender Teams
    - Domestic Violence and Traffic Alcohol Teams
    - Specialized Supervision Teams
- High Risk Management & Strategic Division (HRMSD)

- Interstate Supervision
- Engagement and Intervention Centers (EICs, formerly Day Reporting Centers)
- Compliance Monitoring and Intelligence Center (Law enforcement partnerships and information sharing)
- Warrant Team
- Global Positioning System (GPS) Monitoring
- Rapid Engagement Team (RET)

The Office of Behavioral Interventions (OBI) performs offender assessments, provides intervention and housing placements, and delivers certain intervention services. It is organized under an Associate Director and is comprised of two units:

- Assessment, Evaluation, and Placement Unit (AEPU), which provides offender screening, assessment, evaluation, placement into substance use treatment, and sex offender treatment and mental health services, and
- Intensive Cognitive Behavioral Interventions Unit (ICBIU), which provides life skills interventions, cognitive behavioral interventions, domestic violence interventions, and supportive housing.

In February 2026, supervisee job placement, career planning, vocational education, and adult basic education services were transferred to OLIPA, in addition to its public and intergovernmental liaison responsibilities.

Appendix B: CSP Field Unit Locations

CSP's program model emphasizes supervising individuals in the community where they live and work, rather than from a single, centralized headquarters office. By utilizing field offices, Community Supervision Officers (CSOs) maintain a more active, visible, and accessible community presence by collaborating with neighborhood police, community members, and stakeholders. However, continued real estate development in the District of Columbia creates challenges for CSP in obtaining and retaining space in the community for offender supervision operations.

Over the last eight years, CSP consolidated its field operations to achieve cost savings and operational efficiencies. Those efforts resulted in a net reduction of four supervision field unit locations, or 25.5 percent of rentable square feet (RSF), from FY 2018 to FY 2026.

In 2026, CSP converted our 1900 Massachusetts Ave, SE (Karrick Hall) location from 24/7 Re-entry and Sanctions Center operations to a supervision field office. CSP currently maintains a headquarters location at 800 North Capitol Street, NW, and five supervision field offices throughout DC:

1. 910 Rhode Island Avenue, NE [lease ends July 1, 2041, with one five-year option],
2. 633 Indiana Avenue, NW [lease ended 9/30/2026],
3. 3850 South Capitol Street, SE [lease ended July 31, 2026],
4. 2101 Martin Luther King Avenue, SE [lease ends February 7, 2027], and
5. 1900 Massachusetts Ave, SE (Karrick Hall) [lease ends September 30, 2026, with two one-year options (12 month opt-out)].

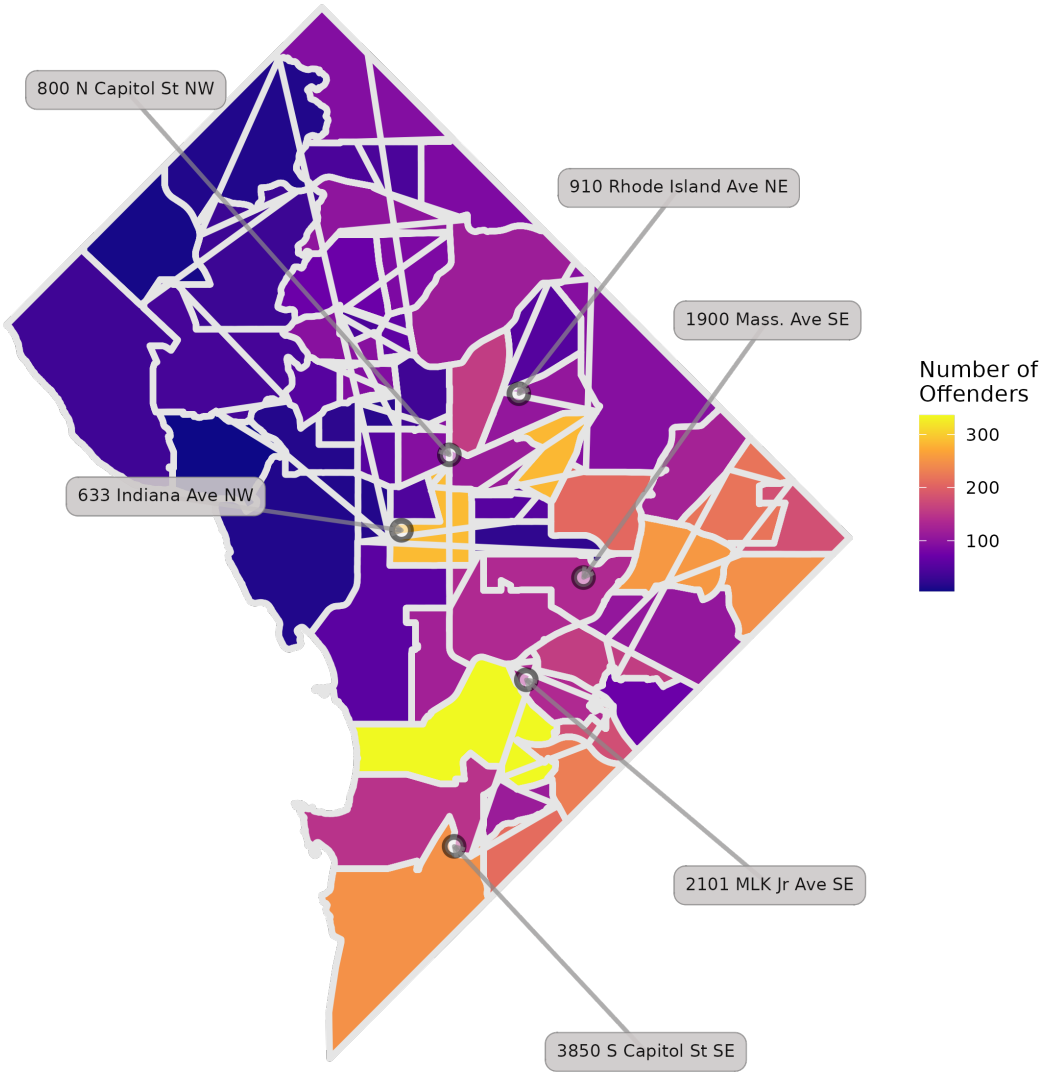
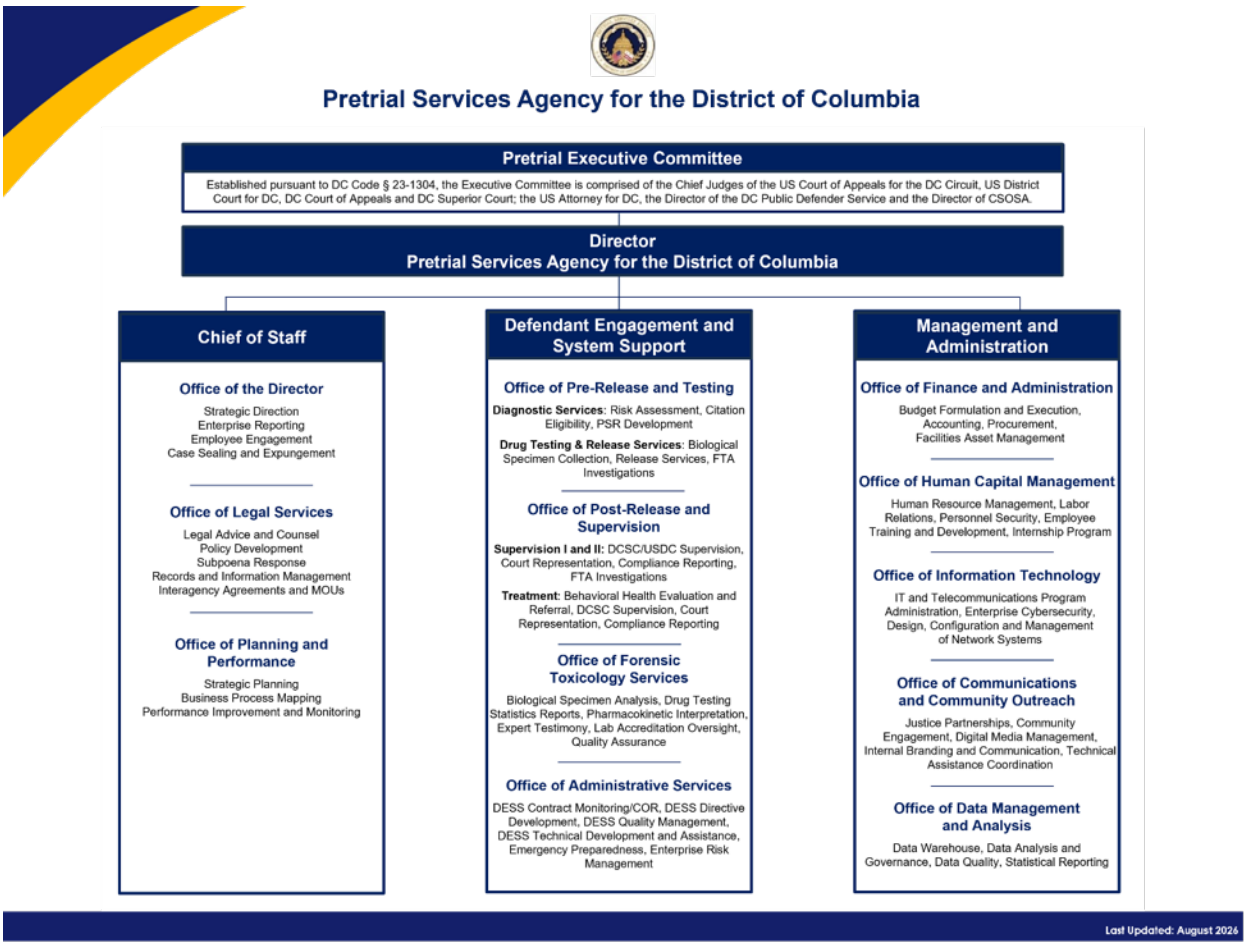


Figure 1: CSP office locations and offender residential density by Police Service Area (PSA), as of September 30, 2026

Appendix C: PSA Organization Structure



Appendix D: PSA Locations

PSA operations are located at four locations in the downtown area, including:

- SCDC building located at 500 Indiana Avenue, NW, for defendant interviews and risk assessments, court support, and specimen collection
- Elijah Barrett Prettyman building (U.S. District Court) located at 333 Constitution Avenue, NW, for federal defendant interviews, risk assessments, and court support
- 633 Indiana Avenue, NW, which houses its Headquarters office, supervision and treatment programs
- 90 K Street, NE, which houses its drug testing laboratory.