

NACOGDOCHES COUNTY
DISTRICT PROBATION DEPARTMENT
AUGUST 31, 2015

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

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Financial Section



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Independent Auditor's Report

Nacogdoches County District Probation Department
Nacogdoches, Texas

We have audited the accompanying financial statements of the Nacogdoches County District Probation Department (Department), which comprise the combined statement of financial position as of August 31, 2015, and the related combined statements of activities for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Texas Department of Criminal Justice – Community Justice Assistance Division (TDCJ-CJAD), this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error .

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Nacogdoches County District Probation Department

February 15, 2016

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Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities of the Nacogdoches County District Probation Department as of August 31, 2015, and the respective changes in its financial position thereof for the year then ended, in accordance with the financial reporting provisions of the TDCJ-CJAD as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the TDCJ-CJAD, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the TDCJ-CJAD. Our opinion is not modified with respect to that matter.

Emphasis of Matter

As discussed in the Note 1, the financial statements present only the Nacogdoches County District Probation Department, and are not intended to present fairly the financial position of Nacogdoches County, Texas and the results of its operations in conformity with U.S. generally accepted accounting principles.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Nacogdoches County District Probation Department's basic financial statements. The accompanying supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. The schedules of differences between audit report and CSCD reports are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain other procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Independent Auditor's Report

Nacogdoches County District Probation Department

February 15, 2016

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Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2016 on our consideration of the Nacogdoches County District Probation Department's internal control over financial reporting and on our tests of its compliance with laws and regulations. The purpose of this report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Nacogdoches County District Probation Department's internal control over financial reporting and compliance.

Restriction of Use

This report is intended solely for the information and use of management, others within the Nacogdoches County District Probation Department and the Texas Department of Criminal Justice - Community Justice Assistance Division and is not intended to be and should not be used by anyone other than these specified parties.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.

Certified Public Accountants

February 15, 2016

**NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT
 COMBINED STATEMENT OF FINANCIAL POSITION - REGULATORY BASIS
 AUGUST 31, 2015**

ASSETS	Basic Supervision	Community Corrections	Total
Cash and Investments			
Bank balances	51,400	11,608	63,008
Petty Cash	-	-	-
Time deposits	324,686	-	324,686
Total cash and investments	376,086	11,608	387,694
Other Assets			
Receivables	5,561	-	5,561
Due from TDCJ-CJAD	-	-	-
Due from other CSCD programs	1,550	3,177	4,727
Prepaid expenses	12,322	-	12,322
Total other assets	19,433	3,177	22,610
Total assets	395,519	14,785	410,304
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	33,811	2,414	36,225
Salaries payable	42,728	4,785	47,513
Due to TDCJ-CJAD	-	6,036	6,036
Due to other CSCD programs	3,177	1,550	4,727
Due to Nacogdoches County	1,071	-	1,071
Total liabilities	80,787	14,785	95,572
Fund Balance	314,732	-	314,732
Total liabilities and fund balance	395,519	14,785	410,304

The accompanying notes are an integral part of this financial statement

**NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCE - REGULATORY BASIS
 FOR THE YEAR ENDED AUGUST 31, 2015**

	Basic Supervision	Community Corrections	Total
Revenue			
State aid	337,334	120,127	457,461
State aid: SAFPF	7,286	-	7,286
Community supervision fees	607,580	-	607,580
Payments by program participants	120,028	-	120,028
Interest income	1,374	-	1,374
Other revenue	673	-	673
Total revenue	1,074,275	120,127	1,194,402
Expenditures			
Salaries and fringe benefits	1,077,744	111,085	1,188,829
Travel and furnished transportation	62,045	-	62,045
Contract services for offenders	24,847	10,800	35,647
Professional fees	16,009	901	16,910
Supplies and operating	56,970	1,039	58,009
Utilities	3,506	-	3,506
Facilities	-	-	-
Equipment	14,420	3,146	17,566
Total expenditures	1,255,541	126,971	1,382,512
Excess revenue over (under) expenditures	(181,266)	(6,844)	(188,110)
Other Financing Sources (Uses)			
Interfund transfer in	-	5,596	5,596
Interfund transfer out	(5,596)	-	(5,596)
Total other financing sources (uses)	(5,596)	5,596	-
Fund balance, September 1, 2014	501,594	7,284	508,878
Refund due to TDCJ-CJAD	-	(6,036)	(6,036)
Fund balance, August 31, 2015	314,732	-	314,732

The accompanying notes are an integral part of this financial statement

**NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT
 COMBINING STATEMENT OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 ALL COMMUNITY CORRECTIONS PROGRAMS**

FOR THE YEAR ENDED AUGUST 31, 2015

	Community Service Restitution	Special Services	Sex Offender Counseling	Total
Revenue				
State aid	56,453	52,787	10,887	120,127
Total revenue	56,453	52,787	10,887	120,127
Expenditures				
Salaries and fringe benefits	50,860	60,225	-	111,085
Travel and furnished transp.	-	-	-	-
Contract services for offenders	-	-	10,800	10,800
Professional fees	423	396	82	901
Supplies and operating	1,039	-	-	1,039
Utilities	-	-	-	-
Facilities	-	-	-	-
Equipment	3,146	-	-	3,146
Total expenditures	55,468	60,621	10,882	126,971
Excess revenue over (under) expenditures	985	(7,834)	5	(6,844)
Other Financing Sources (Uses)				
Interfund transfer in	2,418	3,178	-	5,596
Interfund transfer out	-	-	-	-
Total other financing sources (uses)	2,418	3,178	-	5,596
Fund balance, September 1, 2014	-	7,284	-	7,284
Refund due to TDCJ-CJAD	(3,403)	(2,628)	(5)	(6,036)
Fund balance, August 31, 2015	-	-	-	-

The accompanying notes are an integral part of this financial statement

**NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - REGULATORY BASIS - BUDGET AND ACTUAL**

BASIC SUPERVISION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2015

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Revenue				
State aid	337,334	337,334	-	370,291
State aid: SAFFP	6,000	7,286	1,286	1,809
Community supervision fees	575,000	607,580	32,580	629,542
Payments by program participants	86,350	120,028	33,678	115,361
Interest income	1,000	1,374	374	536
Other revenue	730	673	(57)	4,109
Total revenue	1,006,414	1,074,275	67,861	1,121,648
Expenditures				
Salaries and fringe benefits	1,227,345	1,077,744	149,601	1,008,415
Travel and furnished transportation	77,850	62,045	15,805	64,374
Contract services for offenders	26,320	24,847	1,473	24,612
Professional fees	29,630	16,009	13,621	17,085
Supplies and operating	110,027	56,970	53,057	58,798
Facilities	-	-	-	-
Utilities	5,100	3,506	1,594	3,673
Equipment	25,386	14,420	10,966	6,689
Total expenditures	1,501,658	1,255,541	246,117	1,183,646
Excess revenue over (under) expenditures	(495,244)	(181,266)	313,978	(61,998)
Other Financing Sources (Uses)				
Interfund transfer in	-	-	-	-
Interfund transfer out	(6,350)	(5,596)	754	(5,832)
Total other financing sources (uses)	(6,350)	(5,596)	754	(5,832)
Fund balance, September 1, 2014	501,594	501,594	-	633,488
Refund due to TDCJ-CJAD	-	-	-	(64,065)
Fund balance, August 31, 2015	-	314,732	314,732	501,593

The accompanying notes are an integral part of this financial statement

**NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - REGULATORY BASIS - BUDGET AND ACTUAL**

COMMUNITY SERVICE RESTITUTION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2015

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Revenue				
State aid	56,453	56,453	-	45,799
Total revenue	56,453	56,453	-	45,799
Expenditures				
Salaries and fringe benefits	53,374	50,860	2,514	46,259
Travel and furnished transportation	-	-	-	-
Contract services for offenders	-	-	-	-
Professional fees	423	423	-	343
Supplies and operating	1,896	1,039	857	812
Facilities	-	-	-	-
Utilities	-	-	-	-
Equipment	3,260	3,146	114	1,039
Total expenditures	58,953	55,468	3,485	48,453
Excess revenue over (under) expenditures	(2,500)	985	3,485	(2,654)
Other Financing Sources (Uses)				
Interfund transfer in	2,500	2,418	(82)	2,654
Interfund transfer out	-	-	-	-
Total other financing sources (uses)	2,500	2,418	(82)	2,654
Fund balance, September 1, 2014	-	-	-	-
Refund due to TDCJ-CJAD	-	(3,403)	(3,403)	-
Fund balance, August 31, 2015	-	-	-	-

The accompanying notes are an integral part of this financial statement

**NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - REGULATORY BASIS - BUDGET AND ACTUAL**

SPECIAL SERVICES PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2015

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Revenue				
State aid	52,787	52,787	-	60,071
Total revenue	52,787	52,787	-	60,071
Expenditures				
Salaries and fringe benefits	63,476	60,225	3,251	55,515
Travel and furnished transportation	-	-	-	-
Contract services for offenders	-	-	-	-
Professional fees	396	396	-	450
Supplies and operating	49	-	49	-
Utilities	-	-	-	-
Facilities	-	-	-	-
Equipment	-	-	-	-
Total expenditures	63,921	60,621	3,300	55,965
Excess revenue over (under) expenditures	(11,134)	(7,834)	3,300	4,106
Other Financing Sources (Uses)				
Interfund transfer in	3,850	3,178	(672)	3,178
Interfund transfer out	-	-	-	-
Total other financing sources (uses)	3,850	3,178	(672)	3,178
Fund balance, September 1, 2014	7,284	7,284	-	-
Refund due to TDCJ-CJAD	-	(2,628)	(2,628)	-
Fund balance, August 31, 2015	-	-	-	7,284

The accompanying notes are an integral part of this financial statement

**NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - REGULATORY BASIS - BUDGET AND ACTUAL**

SEX OFFENDER COUNSELING PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2015

	Budget	Actual	Variance Favorable (Unfavorable)	Prior Year Actual
Revenue				
State aid	10,887	10,887	-	10,882
Total revenue	10,887	10,887	-	10,882
Expenditures				
Salaries and fringe benefits	-	-	-	-
Travel and furnished transportation	-	-	-	-
Contract services for offenders	10,800	10,800	-	10,800
Professional fees	82	82	-	82
Supplies and operating	5	-	5	-
Facilities	-	-	-	-
Utilities	-	-	-	-
Equipment	-	-	-	-
Total expenditures	10,887	10,882	5	10,882
Excess revenue over (under) expenditures	-	5	5	-
Other Financing Sources (Uses)				
Interfund transfer in	-	-	-	-
Interfund transfer out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Fund balance, September 1, 2014	-	-	-	-
Refund due to TDCJ-CJAD	-	(5)	(5)	-
Fund balance, August 31, 2015	-	-	-	-

The accompanying notes are an integral part of this financial statement

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying financial statements include only the revenue of the Nacogdoches County District Probation Department (Department) related to the receipt of funds administered by the Community Justice Assistance Division of the Texas Department of Criminal Justice from state appropriations for the Basic Supervision Fund, Community Corrections Program Funds, local fees collected for the use of the Department, and the expenditure of those funds.

The Department, a special purpose district of state government, was organized to provide certain adult probation services to judicial districts. The Department is not a department of the County nor is it part of the TDCJ-CJAD.

Basis of Accounting

Since the Department receives funding from State government, it must comply with requirements of the State. Therefore, the financial statements were prepared using the basis of accounting prescribed by the TDCJ-CJAD, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Basis of accounting refers to the time at which revenues and expenditures are recognized in the accounts and reported in the statements. The accounts of the Department are organized on the basis of fund accounting, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in a fund based on the source of the funds and the purpose for which they may be spent and the means in which the spending activities are controlled for the specific activities in accordance with laws, regulations, and other restrictions. Revenues and expenditures are accounted for using the modified accrual basis of accounting.

The modified accrual basis of accounting is followed in that revenues are recorded when susceptible to accrual; i.e., earned, measurable, and available. Available means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues received by October 31, 2015 for financial activity performed by August 31, 2015, are considered available. Also, purchases for which the commitment has been established by August 31, 2015, are considered liabilities regardless of whether possession of these goods has been received by August 31, provided the liability purchase is received and is paid by October 31, 2015. Exception to this method of accounting is the recording of refunds to the State as a reduction of Fund Balance.

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

Funds of the Department are grouped into the agency fund type for the purpose of operation on the Nacogdoches County, Texas accounting system. Accounting agency funds are accounts established for deposit and disbursement of funds which are not controlled through Nacogdoches County, Texas budget process and are held in purely a custodial capacity.

Budget

The budgets governing the funding to the programs are prepared at the beginning of each biennium and approved by district judges and the criminal court-at-law judges with jurisdiction over the department in an open meeting and by the Texas Department of Criminal Justice - Community Justice Assistance Division. Only budget adjustment requests, at year end, received by September 30 will be reviewed and approved/disapproved by the TDCJ-CJAD. TDCJ-CJAD will not accept budget adjustments after September 30 for the previous fiscal year. Only budget adjustments approved by the TDCJ-CJAD should be referred to in performing the financial audit.

Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized. All encumbrances not liquidated by October 31, 2015 became part of the subsequent year's budget.

Compensated Absences

Department employees accrue from 12 to 25 days of vacation leave annually, depending upon their length of employment. Employees are eligible to take vacation leave after one month of employment. Employees are paid for the accrued vacation leave upon termination of employment.

Department employees accrue from 12 to 15 days of sick leave annually, depending upon their length of employment. Employees are eligible to take sick leave after one month of employment. Employees are not paid for the accrued sick leave upon termination of employment.

Employees receive 12 paid holidays annually.

The liability amount for accrued compensated absences at August 31, 2015 was \$67,334.

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

NOTE 2 - FUNDING SOURCES - STATE AID

The Department receives the following state aid:

Basic Supervision

This state funding is a per capita allocation based on statistics from the previous full calendar year. The per capita formula includes calendar year misdemeanor placements, direct felony and pre-trial felony cases. Funding is first allocated to misdemeanor placements for 182 days. The remaining funding is allocated to felons under direct community supervision and pre-trial supervision based on the Department's share of the state total population of direct and pre-trial felons. Basic supervision is distributed only to Community Supervision and Corrections Departments (CSCD).

Community Corrections (CC) Program Funds

This appropriation line item is allocation based. The funding is based on two equally assigned factors: the percentage of the state's population residing in the counties served by the Department and the percentage of all felony defendants in the state under direct community supervision by the Department. CSCDs are the only entities eligible for CC funds.

Diversion Program (DP) Grants

The discretionary appropriation line item funding is awarded on a competitive basis. The priorities for distribution are determined biennially. All requests are reviewed by TDCJ-CJAD staff, approved by management, and then presented to the Judicial Advisory Council. DP funds shall not be used for Basic Supervision services.

Substance Abuse Felony Punishment Facility Funding (SAFPF) - Aftercare caseloads are funded on a per case basis and must meet specific supervision requirements. Funding for SAFPF aftercare caseloads is allocated by TDCJ-CJAD through the Diversion Program line item, but is budgeted and reported under Basic Supervision.

Dedicated Salary Funds - Funds were appropriated by the 81st Legislature specifically for community supervision officers and direct care staff salary increases of 3.5% of salaries as of August 31, 2009 for fiscal year 2010 and another 3.5% increase of the August 31, 2009 salaries for fiscal year 2011. To date, the dedicated salary fund funding amounts are the same as in fiscal year 2011. Appropriations of the Dedicated Salary are allocated by TDCJ-CJAD through the DP line item but are budgeted and reported by CSCDs as state aid under Basic Supervision.

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

NOTE 3 - FUNDS COLLECTED BY THE CSCD FROM SOURCES OTHER THAN TDCJ-CJAD WHICH ARE REQUIRED TO BE REPORTED ON THE TDCJ-CJAD QUARTERLY FINANCIAL REPORTS

Source of Funds	Amount	Restrictions for Use	Expended in Accordance with Restriction
Supervision Fees	607,580	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Program Participant Fees	120,028	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Interest income	1,374	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Other Income:			
Transactions' Administration Fee	81	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Health & Human Services Commission Restitution Fee	394	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Compensation to Victims of Crime Auxiliary Fund Collection Fee	93	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Miscellaneous other	105	<i>Financial Management Manual for TDCJ-CJAD Funding</i> restrictions	Yes
Total Other Income	<u>673</u>		
	<u><u>729,655</u></u>		

The following expenditures are recorded in the Nacogdoches County general fund and represent funding from the County for copier costs and furniture and equipment:

Copier costs	853
Furniture and equipment	400
Total	<u><u>1,253</u></u>

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

NOTE 4 - FUNDS COLLECTED BY THE CSCD FROM SOURCES OTHER THAN TDCJ-CJAD WHICH ARE NOT REQUIRED TO BE REPORTED ON THE TDCJ-CJAD QUARTERLY FINANCIAL REPORTS

<u>Source of Funds</u>	<u>Amount Received</u>	<u>Restrictions for Use</u>	<u>Expended in Accordance with Restrictions</u>	<u>Fund Balance</u>
Victim Restitution	93,315	Paid directly to victim, Government Code 76.013	Yes	100
Crime Victims' Compensation Fund	14,031	Paid directly to State Comptroller, CCP 42.12	N/A	-
Supervision Fee for Sex Offenders	1,105	Paid directly to State Comptroller, CCP 42.12	N/A	-
Family Crisis Center Fees	95	Paid directly to Family Crisis Center	N/A	-
Department of Public Safety Fee	9,989	Paid directly to Texas Department of Public Safety	N/A	-
Crime Stopper Fee	29,565	Paid directly to local Crime Stoppers Association	N/A	-
Court Costs	19,463	Local Government Code 113.022	N/A	-
	<u>167,563</u>			<u>100</u>

NOTE 5 - CASH, PETTY CASH AND INVESTMENTS

Collection or clearing accounts are trust funds and must be covered by pledged collateral to cover the estimated highest daily balance of funds operated in conjunction with or through the county depository by the Department. Collection accounts must be transferred to the county treasury within the time frames listed in the Local Government Code 113.022. All Department funds must be in the county treasury and disbursed by the County Treasurer.

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

The Department does not utilize a petty cash fund.

Idle funds are invested in interest bearing accounts.

NOTE 6 - EXCESS OF EXPENDITURES OVER BUDGETS IN INDIVIDUAL PROGRAMS

There were no excess of expenditures over budgets in individual programs.

NOTE 7 - ACCOUNTS AND/OR INTERFUND TRANSFERS RECEIVABLE AND/OR PAYABLE AT AUGUST 31, 2015

Accounts receivable and payable for the year ended August 31, 2015 consisted of the following amounts:

Miscellaneous receivable	5,561
Prepaid expenditures	3,410
Prepaid insurance	8,913
Accounts payable	36,225
Salaries payable	47,513

Interfund transfers receivables and payables for the year ended August 31, 2015 consisted of the following amounts:

Transfers payable from the Basic Supervision Program	
To the Special Services Program - dedicated salary grant	3,177
Transfers receivable to the Basic Supervision Program	
From the Community Service Restitution Program - Dedicated salary grant and program expenses	(1,550)
	<u>1,627</u>

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2015

NOTE 8 - VENDOR CONTRACTS FOR OFFENDER SERVICES

There were no vendor contracts for offender services or payments in excess of \$100,000.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

There are no commitments or contingencies to report for the year ended August 31, 2015.

NOTE 10 - PRIOR PERIOD ADJUSTMENTS AND REFUNDS

There were no prior period adjustments recorded during the fiscal year ended August 31, 2015.

NOTE 11 - SUBSEQUENT EVENTS

There were no events subsequent to the date of these financial statements that had a material effect on the statements. The Department's management has evaluated subsequent events through February 15, 2016 which is the date that these financial statements were available to be issued.

Supplemental Schedules

**NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS**

BASIC SUPERVISION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2015

	Audit	CSCD Report	Difference
Revenue			
State aid	337,334	337,334	-
SAFPF	7,286	7,286	-
Probation fees	607,580	607,580	-
Payments by program participants	120,028	120,028	-
Interest	1,374	1,374	-
Other	673	673	-
Total revenue	1,074,275	1,074,275	-
Expenditures			
Salaries and fringe benefits	1,077,744	1,077,744	-
Travel and furnished transportation	62,045	62,045	-
Contract services for offenders	24,847	24,847	-
Professional fees	16,009	16,009	-
Supplies and operating	56,970	56,970	-
Facilities	-	-	-
Utilities	3,506	3,506	-
Equipment	14,420	14,420	-
Total expenditures	1,255,541	1,255,541	-
Excess revenue over (under) expenditures	(181,266)	(181,266)	-
Other Financing Sources (Uses)			
Interfund transfer in	-	-	-
Interfund transfer out	(5,596)	(5,596)	-
Total other financing sources (uses)	(5,596)	(5,596)	-
Fund balance, September 1, 2014	501,594	501,594	-
Refund due to TDCJ-CJAD	-	-	-
Fund balance, August 31, 2015	314,732	314,732	-

The accompanying notes are an integral part of this financial statement

**NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS**

COMMUNITY SERVICE RESTITUTION PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2015

	Audit	CSCD Report	Difference
Revenue			
State aid	56,453	56,453	-
Total revenue	56,453	56,453	-
Expenditures			
Salaries and fringe benefits	50,860	50,860	-
Travel and furnished transportation	-	-	-
Contract services for offenders	-	-	-
Professional fees	423	423	-
Supplies and operating	1,039	1,039	-
Facilities	-	-	-
Utilities	-	-	-
Equipment	3,146	3,146	-
Total expenditures	55,468	55,468	-
Excess revenue over (under) expenditures	985	985	-
Other Financing Sources (Uses)			
Interfund transfer in	2,418	2,418	-
Interfund transfer out	-	-	-
Total other financing sources (uses)	2,418	2,418	-
	-	-	-
Fund balance, September 1, 2014	-	-	-
Refund due to TDCJ-CJAD	(3,403)	(3,403)	-
Fund balance, August 31, 2015	-	-	-

The accompanying notes are an integral part of this financial statement

**NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS**

SPECIAL SERVICES PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2015

	Audit	CSCD Report	Difference
Revenue			
State aid	52,787	52,787	-
Total revenue	52,787	52,787	-
Expenditures			
Salaries and fringe benefits	60,225	60,225	-
Travel and furnished transportation	-	-	-
Contract services for offenders	-	-	-
Professional fees	396	396	-
Supplies and operating	-	-	-
Facilities	-	-	-
Utilities	-	-	-
Equipment	-	-	-
Total expenditures	60,621	60,621	-
Excess revenue over (under) expenditures	(7,834)	(7,834)	-
Other Financing Sources (Uses)			
Interfund transfer in	3,178	3,178	-
Interfund transfer out	-	-	-
Total other financing sources (uses)	3,178	3,178	-
Fund balance, September 1, 2014	7,284	7,284	-
Refund due to TDCJ-CJAD	(2,628)	(2,628)	-
Fund balance, August 31, 2015	-	-	-

The accompanying notes are an integral part of this financial statement

**NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT
SCHEDULE OF DIFFERENCES BETWEEN
AUDIT REPORT AND CSCD REPORTS**

SEX OFFENDER COUNSELING PROGRAM

FOR THE YEAR ENDED AUGUST 31, 2015

	Audit	CSCD Report	Difference
Revenue			
State aid	10,887	10,887	-
Total revenue	10,887	10,887	-
Expenditures			
Salaries and fringe benefits	-	-	-
Travel and furnished transportation	-	-	-
Contract services for offenders	10,800	10,800	-
Professional fees	82	82	-
Supplies and operating	-	-	-
Facilities	-	-	-
Utilities	-	-	-
Equipment	-	-	-
Total expenditures	10,882	10,882	-
Excess revenue over (under) expenditures	5	5	-
Other Financing Sources (Uses)			
Interfund transfer in	-	-	-
Interfund transfer out	-	-	-
Total other financing sources (uses)	-	-	-
Fund balance, September 1, 2014	-	-	-
Refund due to TDCJ-CJAD	(5)	(5)	-
Fund balance, August 31, 2015	-	-	-

The accompanying notes are an integral part of this financial statement

Compliance Section



Goff & Herrington, P.C.

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A.J. Goff, CPA
Ronnie Herrington, CPA
Daniel Raney, CPA

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Nacogdoches County District Probation Department
Nacogdoches, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Nacogdoches County District Probation Department (Department), as of and for the year ended August 31, 2015, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated February 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Nacogdoches County District Probation Department
February 15, 2016
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

This report is intended solely for the information and use of management, others within the Nacogdoches County District Probation Department and the Texas Department of Criminal Justice - Community Justice Assistance Division and is not intended to be and should not be used by anyone other than these specified parties.

Goff & Herrington, P.C.

GOFF & HERRINGTON, P.C.
Certified Public Accountants

February 15, 2016

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

TDCJ-CJAD COMPLIANCE CHECKLIST

AUGUST 31, 2015

The following items represent requirements applicable to accounting for funds received from the Texas Department of Criminal Justice Community Justice Assistance Division (CJAD).

<u>COMPLIANCE ITEM</u>	<u>YES, NO, OR N/A</u>
Is separate accountability maintained for TDCJ-CJAD funds; i.e., fund accounting?	<u>Yes</u>
Are revenues and expenditures reported to TDCJ-CJAD in agreement with, or reconcilable to, the funding recipient's accounting records and with audited expenditures in each budget category?	<u>Yes</u>
Are TDCJ-CJAD funds and locally generated revenues expended in accordance with <u>The Financial Management Manual for TDCJ-CJAD Funding</u> , TDCJ-CJAD Funding and Fiscal Management Updates, TDCJ-CJAD Standards, TDCJ-CJAD Field Correspondence, TDCJ-CJAD Policy Statements, Standard and Special Grant Conditions, and applicable laws?	<u>Yes</u>
Are proper cut-off procedures observed at the end of each fiscal period? The cut-off date for revenue recognition and expenditure payments of FY 2015 is October 31, 2015.	<u>Yes</u>
Is the modified accrual basis of accounting used in preparing fourth quarter reports for submission to TDCJ-CJAD?	<u>Yes</u>
Are TDCJ-CJAD funds used to pay judges' salaries (unless specifically approved by TDCJ-CJAD in a Program Budget; i.e. DWI Courts), community justice council members' salaries, or other court related expenses?	<u>No</u>
Are Expenditures and revenues supported by adequate documentation?	<u>Yes</u>
Are all employees with access to funds covered by a surety bond?	<u>Yes</u>
Does the CSCD have an existing policy on budget approval, operate by the policy, and the policy has been approved in an open meeting by the judges charged with oversight of the CSCD (Government Code, Section 76.002, and TDCJ-CJAD's Financial Management Manual)?	<u>Yes</u>
Are all of the CSCD's funds and collections deposited in the county treasury (Commercial Bank Texas, N.A.)? (FMM pages 7-8; Government Code Section 509.011; Local Government Code 114.003 (f); and Attorney General's Opinion DM-257 Dated September 15, 1993)	<u>Yes</u>

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

TDCJ-CJAD COMPLIANCE CHECKLIST

AUGUST 31, 2015

COMPLIANCE ITEM	YES, NO, OR N/A
Are all of the CSCD's funds and collections disbursed by the county treasurer on behalf of the CSCD? (FMM pages 7-8; Government Code Section 509.011; Local Government Code 114.003 (f); and Attorney General's Opinion DM-257 Dated September 15, 1993)	<u>Yes</u>
Are all of the CSCD's funds and collections deposited in the county treasury (Commercial Bank Texas, N.A.) within the time period required by Local Government Code 113.022? (FMM pages 7-8)	<u>Yes</u>
Did the Fiscal Officer follow the applicable laws, guidelines, and duties as specified on Pages 31-35 of the Financial Management Manual for TDCJ-CJAD Funding?	<u>Yes</u>
Were purchasing laws followed as directed in accordance with the same procedures applicable to a county?	<u>Yes</u>
Were any instances of fraud, non-compliance, waste, or abuse noted by the auditor (Chapter 4, Item 4.25, Government Auditing Standards)?	<u>No</u>
Are locally generated funds, and other collections, documented with a proper receipt system, and can they be traced to bank deposits and statements?	<u>Yes</u>
Is equipment physically inventoried and adequately supported with an inventory form?	<u>Yes</u>
Is surplus equipment disposed of in accordance with TDCJ-CJAD guideline?	<u>Yes</u>
Was an explanation given in the Schedule of Differences for changes made to Revenues and Expenditures that adjusted previous amounts reported to TDCJ-CJAD?	<u>N/A</u>
Are expenditures that benefit both juveniles and adults prorated on an equitable basis? Is the determination of the method of prorating such expenditures supported by adequate documentation?	<u>N/A</u>
If the CSCD determines that an increase or decrease in revenue or expenditures is required, were budget adjustments submitted to TDCJ-CJAD by September 30, 2015, and in accordance with the Financial Management Manual for TDCJ-CJAD Funding?	<u>Yes</u>
Are idle funds, if any, invested?	<u>Yes</u>
Are all non-CJAD funded program fees expended in accordance with applicable limitations?	<u>Yes</u>

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

TDCJ-CJAD COMPLIANCE CHECKLIST

AUGUST 31, 2015

COMPLIANCE ITEM	YES, NO, OR N/A
Are all non-CJAD funded program fees expended in accordance with applicable limitations?	<u>Yes</u>
Are victim Restitution funds accounted for in accordance with Texas Government Code Section 76.013, and unclaimed funds tracked for the required five-year period prior to sending to the State Comptroller?	<u>Yes</u>
Have TDCJ-CJAD policies regarding contracts with vendors been followed, which includes maintaining a Contract Monitoring Plan (policy) to monitor vendor payments and compliance with contracts?	<u>Yes</u>
Does the CSCD have a policy regarding eligibility for employee merit increases?	<u>Yes</u>
If the CSCD allows offenders to pay a fee to a local food bank in lieu of performing community service restitution (CSR) work hours, does the CSCD have a written CSR Policy stating this fact?	<u>N/A</u>
Are petty cash funds authorized by the county auditor or fiscal officer?	<u>N/A</u>
Are petty cash funds used only for specific purposes for allowable items as listed in the <i>Financial Management Manual for TDCJ-CJAD Funding</i> and expended only for emergency situations authorized by a written policy and approved by the CSCD director?	<u>N/A</u>
Are Personal Bond, Surety Bond, Bail and Certain Other Supervision expenses relating to CSCD employees supervising these cases paid from the administrative fees set in Article 76.015(c) of the Government Code, as amended; i.e., salaries, fringe benefits, travel, supplies, equipment, etc., paid from these fees? Are these expenses not being paid from state funds, including local fee collections, which are in the TDCJ-CJAD budgets? If a CSCD employee (or more than one employee whose cumulative time is not over 10% of one full-time equivalent position) spends no more than 10% of his/her time on the Bond/Other Supervision Program activities, separation of expenses is considered immaterial and is not required. However, all revenue generated from bond supervision fees must be accounted for separately in a local budget. Is this being properly captured?	<u>N/A</u>

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

TDCJ-CJAD COMPLIANCE CHECKLIST

AUGUST 31, 2015

COMPLIANCE ITEM	YES, NO, OR N/A
With prior TDCJ-CJAD approval, CSCDs may use Basic Supervision, CC, DP, or TAIP funds as required cash matching for grants from other governmental agencies, non-profit organizations, or private foundations, etc., for the purpose of expanding an existing program. Was cash matching properly authorized, budgeted, and expended?	N/A
The Texas Code of Criminal Procedure, Article 42.12, Section 19 (e) requires as a condition of probation that certain sex offenders pay \$5.00 per month per convicted offense during the period of supervision. These fees are in addition to court costs or any other fee imposed on the offender as court ordered. Are these fees collected and accounted for by the CSCD and remitted to the State Comptroller?	Yes
Article 42.12, Section 11 (a) (18), Code of Criminal Procedure authorizes the court to order a defendant, as a condition of community supervision, to reimburse the Crime Victims' Compensation Fund for any amounts paid from that fund to a victim of the defendant's offense or, if no reimbursement is required, make one payment to the fund in an amount not to exceed \$50 if the offense is a misdemeanor or not to exceed \$100 if the offense is a felony. If these fees were collected, were they remitted to the State Comptroller in compliance with the time lines outlined by the State Comptroller's Office?	Yes
Were pretrial intervention fees properly collected and accounted for?	Yes
Is there proper identification on motor vehicles that are issued exempt license plates?	Yes
Is the transactions' administrative fee, if collected, accounted for on a consistent basis?	Yes
If there were negative fund balances in programs at fiscal year end, were they covered by interfund transfers as described in the Financial Management Manual?	N/A
Do action plans exist for all significant findings from previous audits, and are action plans current?	N/A

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2015

None

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2015

N/A

NACOGDOCHES COUNTY DISTRICT PROBATION DEPARTMENT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2015

N/A