



**Auditor of State
Betty Montgomery**

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Funds - For the Year Ended June 30, 2004.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Funds - For the Year Ended June 30, 2003.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Ohio Department of Rehabilitation and Corrections Appropriations - For the Year Ended June 30, 2002.....	8
Notes to the Financial Statements	9
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Northwest Community Corrections Center
Wood County
1740 East Gypsy Lane
Bowling Green, Ohio 43402-9081

To the Judicial Corrections Board:

We have audited the accompanying financial statements of the Northwest Community Corrections Center, Wood County, (the Center) as of and for the years ended June 30, 2004, 2003, and 2002. These financial statements are the responsibility of the Center's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Center prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The financial statement for 2002 presents only the receipts, disbursements, and cash balances related to State appropriations the Ohio Department of Rehabilitation and Corrections paid to the Center. This statement is not intended to present the cash receipts, disbursements, and balances of all Center funds for the year ended June 30, 2002.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and unpaid obligations of the Northwest Community Corrections Center as of June 30, 2004 and 2003, and State Appropriations cash balances and unpaid obligations as of June 30, 2002, and the related cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2005 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Judicial Corrections Board, the Ohio Department of Rehabilitations and Corrections and other officials authorized to receive this report under § 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 31, 2005

This page intentionally left blank.

**NORTHWEST COMMUNITY CORRECTION CENTER
WOOD COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
FOR THE PERIOD ENDED JUNE 30, 2004

	State Appropriations and Grants		
	ODRC 501-501	Title I Grant	Able Grant
Cash Receipts:			
Intergovernmental	\$ 1,764,543	\$ 79,151	\$ 35,000
Receipts for offenders	-	-	-
Sales			
Other			500
Room and board			
Commissions	-	-	-
Reimbursement	76,559	-	-
Transfer In	12,677	7,898	731
	<u>1,853,779</u>	<u>87,049</u>	<u>36,231</u>
Total Cash Receipts			
	<u>1,853,779</u>	<u>87,049</u>	<u>36,231</u>
Cash Disbursements:			
Personnel	1,260,101	28,833	16,135
Operating costs	360,408	8,174	14,245
Program costs	120,666		
Equipment	35,340	28,047	18,913
Reimbursement	57,043		
Transfer Out	25,629	11,946	731
Offender Disbursements:			
Offender legal obligations		-	-
Offender reimbursements	-	-	-
Offender spending			
Other	-	-	-
Offender savings paid at exit	-	-	-
	<u>1,859,187</u>	<u>77,000</u>	<u>50,024</u>
Total Cash Disbursements			
	<u>1,859,187</u>	<u>77,000</u>	<u>50,024</u>
Total Receipts Over/(Under) Disbursements	(5,408)	10,049	(13,793)
Fund Cash Balances, July 1, 2003	<u>121,886</u>	<u>6,827</u>	<u>18,885</u>
Fund Cash Balances, June 30, 2004	<u>\$ 116,478</u>	<u>\$ 16,876</u>	<u>\$ 5,092</u>
Unpaid Obligations/Open Purchase Orders	<u>13563</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Offender Funds

<u>Work Industry</u>	<u>Center Fund</u>	<u>Resident Fund</u>	<u>Totals</u>
\$ -	\$ 12,851	\$ -	\$ 1,891,545
-	-	68,208	68,208
47,620			47,620
54,622	4,474		59,596
	2,999		2,999
81,934	11,718	-	93,652
-	22,706	-	99,265
17,000	-	-	38,306
<u>201,176</u>	<u>54,748</u>	<u>68,208</u>	<u>2,301,191</u>
114,269	-	-	1,419,338
1,449	-	-	384,276
77,447	45,780	-	243,893
	-	-	82,300
			57,043
			38,306
-	-	7,112	7,112
-	-	28,829	28,829
		6,709	6,709
-	-	3,297	3,297
-	-	14,003	14,003
<u>193,165</u>	<u>45,780</u>	<u>59,950</u>	<u>2,285,106</u>
8,011	8,968	8,258	16,085
56	5,717	7,255	160,626
<u>\$ 8,067</u>	<u>\$ 14,685</u>	<u>\$ 15,513</u>	<u>\$ 176,711</u>

**NORTHWEST COMMUNITY CORRECTION CENTER
WOOD COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
FOR THE PERIOD ENDED JUNE 30, 2003

	State Appropriations and Grants		
	ODRC 501-501	Title I Grant	Able Grant
Cash Receipts:			
Intergovernmental	\$ 1,658,885	\$ 26,000	\$ 50,000
Receipts for offenders	-	-	-
Sales			
Other			640
Room and board			
Commissions	-	-	-
Reimbursement	107,291	-	-
Transfer In	8,412		-
	<u>1,774,588</u>	<u>26,000</u>	<u>50,640</u>
Total Cash Receipts			
Cash Disbursements:			
Personnel	1,232,361	11,170	13,921
Operating costs	315,771	2,401	7,995
Program costs	78,899	-	-
Equipment	31,835	1,016	9,839
Reimbursement	111,422		
Transfer Out	3,826	4,586	
Offender Disbursements:			
Offender legal obligations	-	-	-
Offender reimbursements	-	-	-
Offender spending			
Other	-	-	-
Offender savings paid at exit	-	-	-
	<u>1,774,114</u>	<u>19,173</u>	<u>31,755</u>
Total Cash Disbursements			
Disbursements from prior FY (Including refund to ODRC)	<u>9,844</u>	<u>-</u>	<u>-</u>
Total Receipts Over/(Under) Disbursements	(9,370)	6,827	18,885
Fund Cash Balances, July 1, 2002	<u>131,256</u>	<u>-</u>	<u>-</u>
Fund Cash Balances, June 30, 2003	<u>\$ 121,886</u>	<u>\$ 6,827</u>	<u>\$ 18,885</u>
Unpaid Obligations/Open Purchase Orders	<u>115</u>		

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Offender Funds

<u>Work Industry</u>	<u>Center Fund</u>	<u>Resident Fund</u>	<u>Totals</u>
\$ -	\$ 14,746	\$ -	\$ 1,749,631
-	-	53,916	53,916
69,284			69,284
56,096			56,736
	3,660		3,660
98,862	15,885	-	114,747
-	24,691	-	131,982
-	-	-	8,412
<u>224,242</u>	<u>58,982</u>	<u>53,916</u>	<u>2,188,368</u>
124,632	-	-	1,382,084
5,083	72,997	-	404,247
105,886	-	-	184,785
-	-	-	42,690
			111,422
			8,412
-	-	8,098	8,098
-	-	20,544	20,544
		5,149	5,149
-	-	3,578	3,578
-	-	13,208	13,208
<u>235,601</u>	<u>72,997</u>	<u>50,577</u>	<u>2,184,217</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>9,844</u>
(11,359)	(14,015)	3,339	(5,693)
<u>11,415</u>	<u>19,732</u>	<u>3,916</u>	<u>166,319</u>
<u>\$ 56</u>	<u>\$ 5,717</u>	<u>\$ 7,255</u>	<u>\$ 160,626</u>

**NORTHWEST COMMUNITY CORRECTION CENTER
WOOD COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
FOR THE PERIOD ENDED JUNE 30, 2002

	ODRC 501-501
Cash Receipts:	
Intergovernmental	\$ 1,760,785
Reimbursement	49,260
Total Cash Receipts	1,810,045
Cash Disbursements:	
Personnel	1,241,740
Operating costs	353,285
Program costs	88,510
Equipment	59,654
Reimbursement	57,196
Total Cash Disbursements	1,800,385
Disbursements from prior FY (Including refund to ODRC)	19,038
Total Receipts Over/(Under) Disbursements	(9,378)
Fund Cash Balances, July 1, 2001	140,634
Fund Cash Balances, June 30, 2002	131,256
Unpaid Obligations/Open Purchase Orders	\$ 17,595

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003, AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Northwest Community Corrections Center (the Center) provides an alternative to prison incarceration for felony offenders. The Center is the last step in the continuum of increasing punishment before prison incarceration. The Center is a minimum security operation housing approximately 64 offenders. The Judicial Corrections Board administers the Center. The Board includes at least one common pleas court judge from each county the Center serves. The Center serves the following counties:

Defiance County	Henry County	Wood County
Fulton County	Williams County	

For the year ended June 30, 2002, the accompanying financial statement presents only the activity of State appropriations received through the Ohio Department of Rehabilitations and Corrections. For the years ended June 30, 2004 and 2003, the financial statement presents all funds related to the Center.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary expenditures include amounts disbursed through the following September 30 but chargeable against the preceding year's budget.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

The Wood County Treasurer is the custodian of the Center's grant funds and State appropriations. The County holds these Center assets in the County's cash and investment pool, valued at the County Treasurer's reported carrying amount. The Center holds offenders' cash in a checking account.

D. Fund Accounting

The Center uses fund accounting to segregate amounts that are restricted as to use. The Center has the following funds:

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003, AND 2002
(Continued)

STATE APPROPRIATIONS AND GRANTS

Ohio Department of Rehabilitation and Corrections (ODRC) 501-501 Funding: ODRC grants this funding, appropriated from the State's General Fund, to the Center to support general operating costs.

Federal: Reports amounts received from the Federal government, including amounts passed through ODRC. The Center received ABLE and Title I funding for contracting instructors and specialists to aid in the rehabilitation of offenders.

OFFENDER FUNDS

Center Fund: Reports receipts from a per diem fee charged to non-indigent offenders for room, board, and medical treatment per Ohio Revised Code Section 2301.56 (C). This fund also reports amounts received from telephone commissions generated by calls offenders place to locations outside the Center. The Center spends this money for programs and services benefiting the offenders. This fund pays for programs and services benefiting offenders, such as indigent offenders' supplies and entertainment. The Resident Fund reimburses this Fund for costs chargeable to Offender Funds.

Resident Fund: Are amounts the Center receives and holds in a custodial capacity for each offender while confined. The Center holds personal funds, including salaries offenders earn while confined, and maintains separate balances for each offender. The Center makes payments as directed by the offender or per program requirements. Upon release, the Center pays remaining funds to the offender. This fund also reports amounts charged to non-indigent offenders' personal funds for use of the commissary, per Ohio Revised Code § 2301.58.

Work Industry Fund: Are amounts the Center receives from local companies for services provided to the companies by the residents. Amounts collected are used to pay the residents their wages for the services they perform and to pay for the general operations of the Work Industry including the salaries and benefits for the employees.

E. Budgetary Process

1. Appropriations

The Center must budget its intended uses of ODRC 501-501 funding as part of its funding application to ODRC. After ODRC approves the budget, the Board formally adopts it. The Center cannot spend or obligate (i.e., encumber) more than the appropriation. Centers must obtain approval from ODRC to transfer amounts between budget categories. For fiscal year 2004, expenditures exceed the grant amount awarded.

2. Encumbrances

Disbursements from State appropriations and Grants are subject to the payment approval process of Wood County. The County Auditor must approve (i.e., certify and encumber) certain payments when the Center commits to make a payment. The budgetary disbursement amounts reported in Note 2 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts budgeted for commitments not liquidated within ninety days of

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003, AND 2002
(Continued)

June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 4.)

A summary of 2004, 2003, and 2002 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The Center records acquisitions of property, plant, and equipment as capital project disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Center uses.

2. BUDGETARY ACTIVITY

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2004, 2003, and 2002 follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,764,543	\$1,776,515	(\$11,972)

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,658,885	\$1,658,866	\$19

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,760,785	\$1,753,033	\$7,752

3. COLLATERAL ON DEPOSITS AND INVESTMENTS

Grants and State Appropriations

The County Treasurer is responsible for collateralizing deposits and investments for grants and State appropriations the County holds as custodian for the Center.

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003, AND 2002
(Continued)

OFFENDER FUNDS

Deposits

The Center has Federal Deposit Insurance Corporation coverage of \$100,000 for Offender Funds. There were no uncollateralized amounts at June 30, 2004, 2003, and 2002.

4. REFUND TO ODRC

The agreement between the County and ODRC permits the Center to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Center must refund any excess over this amount to ODRC. The schedule below computes the refund to ODRC for the years ending June 30. Disbursements below include cash paid to liquidate encumbrances outstanding at June 30 and exclude disbursements made during the fiscal year against amounts encumbered the prior June 30. The Center refunds amounts computed below in the fiscal year following the computation below.

Refund to ODRC			
	2004	2003	2002
Cash, July 1	\$ 121,886	\$ 131,256	\$ 140,634
Disbursements Against Prior Year Budget	-	(9,844)	(19,038)
Payable to ODRC, July 1	-	-	-
Sub-Total	121,886	121,412	121,596
501 Cash Receipts	1,764,543	1,658,885	1,760,785
Budgetary Basis Disbursements	(1,776,515)	(1,658,866)	(1,753,034)
Amount Subject to Refund, June 30	109,914	121,431	129,347
One-Twelfth of 501 Award	(147,045)	(138,240)	(146,732)
Refundable to ODRC	\$ (37,131)	\$ (16,809)	\$ (17,385)
Calculation of Payable to ODRC			
	2004	2003	2002
Payable, July 1	\$ -	\$ -	\$ -
Cash Refunded	-	-	-
Refundable to ODRC, June 30	-	-	-
Payable, June 30	\$ -	\$ -	\$ -

5. RETIREMENT SYSTEMS

The Center's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provided retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004, 2003, and 2002, OPERS members contributed 8.5 percent of their gross salaries to OPERS. The Center

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003, AND 2002
(Continued)

contributed an amount equal to 13.55 percent of participants' gross salaries. The Center has paid all required contributions through June 30, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The Center has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Errors and omissions.

7. CONTINGENT LIABILITIES

The Center is a defendant in one lawsuit. Although the outcome of this suit is not presently determinable, counsel believes that the resolution of these matters will not materially adversely affect the Center's financial condition.

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Northwest Community Corrections Center
Wood County
1740 East Gypsy Lane
Bowling Green, Ohio 43402-9081

To the Judicial Corrections Board:

We have audited the financial statements of the Northwest Community Corrections Center, Wood County, (the Center) as of and for the years ended June 30, 2004, 2003, and 2002, and have issued our report thereon dated March 31, 2005. Our audit for the year ended June 30, 2002 included only State appropriations the Ohio Department of Rehabilitation and Corrections paid to the Center. 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.

Compliance

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the Center's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Center's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Center's management in a separate letter dated March 31, 2005.

This report is intended for the information and use of management, the Judicial Corrections Board, and the Ohio Department of Rehabilitation and Corrections, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 31, 2005

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

SCHEDULE OF FINDINGS
JUNE 30, 2004, 2003 AND 2002

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2004-001

Noncompliance Citation

Section II, D1.a of the 2004-2005 Ohio Department of Rehabilitation and Corrections grant agreement states that total expenditures (including encumbrances) must not exceed the grant award.

For fiscal year 2004, total expenditures exceeded the grant award by \$11,972.

We recommend management monitors the budget closely to assure that expenditures do not exceed the grant award amount and, if necessary, obtain an amendment to the grant agreement.

FINDING NUMBER 2004-002

Reportable Condition - Resident Fund Receipts

The Center has duplicate receipts that are filled out and issued when monies are received on a resident's behalf. The Center could not locate all receipt books relating to Resident fund revenues during the audit period.

This could result in revenues that are received for the residents being misappropriated by the Center.

We recommend the Center retain all receipt books and files them with other fiscal year reports and information. These records should be retained in accordance with the Center's established records retention schedule.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

NORTHWEST COMMUNITY CORRECTIONAL CENTER

WOOD COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 10, 2005**