



**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2006-2005**



**Auditor of State  
Betty Montgomery**





Mary Taylor, CPA  
Auditor of State

January 19, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

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**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Funds - For the Year Ended June 30, 2006.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Funds - For the Year Ended June 30, 2005.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13
Schedule of Prior Audit Findings .....	16

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**Auditor of State  
Betty Montgomery**

West Central Community Correctional Facility  
Union County  
18200 State Route 4 North  
P.O. Box 268  
Marysville, Ohio 43040

To the Judicial Corrections Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require the Facility to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

November 30, 2006

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

West Central Community Correctional Facility  
Union County  
18200 State Route 4 North  
P.O. Box 268  
Marysville, Ohio 43040

To the Judicial Corrections Board:

We have audited the accompanying financial statements of West Central Community Correctional Facility, Union County, Ohio, (the Facility) as of and for the years ended June 30, 2006 and June 30, 2005. These financial statements are the responsibility of the Facility's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraphs, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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.

Because of inadequacies in the Facility's accounting records, we were unable to determine the completeness of vending sale receipts accounted for in the Family Fund on the accompanying financial statements.

As described more fully in Note 1, the Facility has prepared these financial statements using accounting practices the Ohio Department of Rehabilitation and Corrections prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Facility to reformat its financial statement presentation and make other changes. Instead of the combined fund statements presented, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately. While the Facility does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. Since the Facility does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Facility uses. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Facility's funds as of June 30, 2006 and 2005, or their changes in financial position for the years then ended.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined necessary had vending sale receipts been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and unpaid obligations of West Central Community Correctional Facility, Union County, Ohio, as of June 30, 2006 and 2005, and the related cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Facility to include Management's Discussion and Analysis for the years ended June 30, 2006 and June 30, 2005. The Facility has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2006, on our consideration of the Facility's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

November 30, 2006

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
FOR THE PERIOD ENDED JUNE 30, 2006**

	<u>State Appropriations and Grants</u>			<u>Offender Funds</u>		Totals
	ODRC 501-501	Federal	Capital CAP 003	Family Fund	Resident Fund	
<b>Cash Receipts:</b>						
Intergovernmental	\$ 2,699,707	\$ 42,886	\$ 2,454,125	\$ -	\$ -	\$ 5,196,718
Receipts for offenders	-	-	-	-	230,436	230,436
Cafateria Sales	-	-	-	7,347	-	7,347
Telephone Commissions	-	-	-	16,842	-	16,842
Vending Sales	-	-	-	13,455	-	13,455
Charges for Services	-	-	-	44,657	-	44,657
Other	2,442	-	-	100	-	2,542
Advance In/Out	1,782	63,199	-	(64,981)	-	-
	<u>2,703,931</u>	<u>106,085</u>	<u>2,454,125</u>	<u>17,420</u>	<u>230,436</u>	<u>5,511,997</u>
Total Cash Receipts						
	2,703,931	106,085	2,454,125	17,420	230,436	5,511,997
<b>Cash Disbursements:</b>						
Personnel	1,841,191	-	-	-	-	1,841,191
Operating costs	431,298	10,968	-	6,955	7,802	457,023
Program costs	149,870	55,465	-	-	-	205,335
Equipment	1,617	23,042	-	2,269	-	26,928
Capital project	-	-	2,411,922	-	-	2,411,922
Other	2,421	-	-	8,053	-	10,474
Offender Disbursements:						
Offender legal obligations	-	-	-	-	22,425	22,425
Offender personal costs	-	-	-	-	8,157	8,157
Offender recreational costs	-	-	-	25,715	16,635	42,350
Offender program operating costs	-	-	-	53,438	8,613	62,051
Offender payments to Family Fund	-	-	-	-	46,625	46,625
Offender savings paid at exit	-	-	-	-	116,184	116,184
	<u>2,426,397</u>	<u>89,475</u>	<u>2,411,922</u>	<u>96,430</u>	<u>226,441</u>	<u>5,250,665</u>
Total Cash Disbursements						
	2,426,397	89,475	2,411,922	96,430	226,441	5,250,665
Disbursements from prior fiscal year (Including refund to ODRC)	330,552	7,035	-	-	-	337,587
	<u>330,552</u>	<u>7,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,587</u>
Total Receipts Over/(Under) Disbursements	(53,018)	9,575	42,203	(79,010)	3,995	(76,255)
	<u>(53,018)</u>	<u>9,575</u>	<u>42,203</u>	<u>(79,010)</u>	<u>3,995</u>	<u>(76,255)</u>
Fund Cash Balances, July 1, 2005	723,704	19,367	1,415	92,714	72,110	909,310
	<u>723,704</u>	<u>19,367</u>	<u>1,415</u>	<u>92,714</u>	<u>72,110</u>	<u>909,310</u>
Fund Cash Balances, June 30, 2006	\$ 670,686	\$ 28,942	\$ 43,618	\$ 13,704	\$ 76,105	\$ 833,055
	<u>\$ 670,686</u>	<u>\$ 28,942</u>	<u>\$ 43,618</u>	<u>\$ 13,704</u>	<u>\$ 76,105</u>	<u>\$ 833,055</u>
Unpaid Obligations/Open Purchase Orders	\$ 381,577	\$ 15,641	\$ 102,254	-	-	\$ 499,472
	<u>\$ 381,577</u>	<u>\$ 15,641</u>	<u>\$ 102,254</u>	<u>-</u>	<u>-</u>	<u>\$ 499,472</u>

*The notes to the financial statements are an integral part of this statement.*

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
FOR THE PERIOD ENDED JUNE 30, 2005**

	<u>State Appropriations and Grants</u>			<u>Offender Funds</u>		Totals
	ODRC 501-501	Federal	Capital CAP 003	Family Fund	Resident Fund	
<b>Cash Receipts:</b>						
Intergovernmental	\$ 2,699,707	\$ 87,800	\$ 99,993	\$ -	\$ -	\$ 2,887,500
Receipts for offenders	-	-	-	-	209,375	209,375
Collections from offenders	-	-	-	217	-	217
Cafateria Sales	-	-	-	7,473	-	7,473
Telephone Commissions	-	-	-	20,475	-	20,475
Vending Sales	-	-	-	18,071	984	19,055
Charges for Services	-	-	-	40,936	-	40,936
Other	1,924	7	-	434	-	2,365
Advance In/Out	(1,782)	1,782	-	-	-	-
	<u>2,699,849</u>	<u>89,589</u>	<u>99,993</u>	<u>87,606</u>	<u>210,359</u>	<u>3,187,396</u>
Total Cash Receipts						
<b>Cash Disbursements:</b>						
Personnel	1,807,697	-	-	-	-	1,807,697
Operating costs	382,129	25,686	-	16,526	-	424,341
Program costs	97,654	52,009	-	-	-	149,663
Equipment	36,775	4,961	-	261	-	41,997
Capital project	-	-	102,237	-	-	102,237
Other	2,162	-	-	14,326	-	16,488
Offender Disbursements:						
Offender legal obligations	-	-	-	-	20,064	20,064
Offender personal costs	-	-	-	-	9,554	9,554
Offender recreational costs	-	-	-	8,181	20,040	28,221
Offender program operating costs	-	-	-	48,837	6,047	54,884
Offender payments to Family Fund	-	-	-	-	41,920	41,920
Offender savings paid at exit	-	-	-	-	92,996	92,996
	<u>2,326,417</u>	<u>82,656</u>	<u>102,237</u>	<u>88,131</u>	<u>190,621</u>	<u>2,790,062</u>
Total Cash Disbursements						
Disbursements from prior fiscal year (Including refund to ODRC)	339,834	16,957	-	-	-	356,791
Total Receipts Over/(Under) Disbursements	<u>33,598</u>	<u>(10,024)</u>	<u>(2,244)</u>	<u>(525)</u>	<u>19,738</u>	<u>40,543</u>
Fund Cash Balances, July 1, 2004	<u>690,106</u>	<u>29,391</u>	<u>3,659</u>	<u>93,239</u>	<u>52,372</u>	<u>868,767</u>
Fund Cash Balances, June 30, 2005	<u>\$ 723,704</u>	<u>\$ 19,367</u>	<u>\$ 1,415</u>	<u>\$ 92,714</u>	<u>\$ 72,110</u>	<u>\$ 909,310</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 459,210</u>	<u>\$ 11,916</u>	<u>\$ 2,462,302</u>			<u>\$ 2,933,428</u>

*The notes to the financial statements are an integral part of this statement.*

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The West Central Community Correctional Facility, Union County, Ohio (the Facility) provides an alternative to prison incarceration for felony offenders. The Facility is the last step in the continuum of increasing punishment before prison incarceration. The Facility is a minimum security operation housing approximately 85 offenders. The Judicial Corrections Board administers the Facility. The Board includes at least one common pleas court judge from each county the Facility serves. The Facility serves the following counties:

Champaign County	Logan County	Morrow County
Clark County	Madison County	Union County
Delaware County	Marion County	

For the years ended June 30, 2006 and 2005, the financial statements present all funds related to the Facility.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Ohio Department of Rehabilitation and Corrections prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Facility recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements adequately disclose material matters the Auditor of State requires.

**C. Cash**

The Clark County Treasurer is the custodian of the Facility's grant funds and State appropriations. The County holds these Facility assets in the County's cash and investment pool, valued at the County Treasurer's reported carrying amount. The Facility holds offenders' cash in basic checking accounts.

**D. Fund Accounting**

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

**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 Facility to support general operating costs. A staff account is also reported within this fund and receives funding from Facility employees through donations and an activity fee assessed against meal purchases and is used for staff activities.

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

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Fund Accounting (continued)**

Capital CAP 003: Reports amounts received from the ODRC to finance all or part of the cost of the renovating or building facilities.

**Offender Funds**

**Resident Fund:** Are amounts the Facility receives and holds in a custodial capacity for each offender while confined. The Facility holds personal funds, including salaries offenders earn while confined, and maintains separate balances for each offender. The Facility makes payments as directed by the offender or per program requirements. Upon release, the Facility pays remaining funds to the offender.

**Family Fund:** This fund receives other Offender Funds, such as telephone commissions, vending and commissary sales, and a per diem rate charged to employed offenders. This fund pays for programs and services benefiting offenders and staff employed by the Facility, such as indigent offenders' supplies and entertainment. The Resident Fund reimburses this fund for costs chargeable to Offender Funds.

**E. Budgetary Process**

**1. Appropriations**

The Facility 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 Facility cannot spend or obligate (i.e., encumber) more than the appropriation. Facilities must obtain approval from ODRC to transfer amounts between budget categories.

**2. Encumbrances**

Disbursements from State appropriations and Grants are subject to Clark County's payment approval process. The County Auditor must approve (i.e., certify and encumber) certain payments when the Facility 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 not liquidated within ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 4.)

A summary of 2006 and 2005 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

The Facility records acquisitions of property, plant, and equipment as capital project disbursements when paid. The financial statements do not report these items as assets.

**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 Facility uses.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005  
(Continued)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2006 and 2005 follows:

2006 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,699,707	\$2,676,895	\$22,812

2005 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,699,707	\$2,656,589	\$43,118

**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 Facility.

OFFENDER AND STAFF FUNDS

Deposits

The Facility has Federal Deposit Insurance Corporation coverage of \$100,000 for Offender Funds and Staff funds. There were no uncollateralized amounts at June 30, 2006 and 2005.

**4. REFUND TO ODRC**

The agreement between the Facility and ODRC permits the Facility to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Facility 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 Facility refunds amounts computed below in the fiscal year following the computation below.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005  
(Continued)**

**4. REFUND TO ODRC (continued)**

Refund to ODRC		
	2006	2005
Cash, July 1	\$723,200	\$689,363
Disbursements Against Prior Year Budget	(330,552)	(339,833)
Payable to ODRC, July 1	(167,672)	(128,658)
Sub-Total	\$224,976	\$220,872
501 Cash Receipts	2,701,489	2,699,707
Budgetary Basis Disbursements	(2,676,895)	(2,656,589)
Amount Subject to Refund, June 30	\$249,570	\$263,990
One-Twelfth of 501 Award	(224,976)	(224,976)
Refundable to ODRC	\$24,594	\$39,014

Calculation of Payable to ODRC		
	2006	2005
Payable, July 1	167,672	128,658
Cash Refunded	-	-
Refundable to ODRC, June 30	24,594	39,014
Payable, June 30	192,266	167,672

**5. RETIREMENT SYSTEMS**

The Facility's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes plan benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 percent and 8.5 percent respectively of their gross salaries to OPERS. The Facility contributed an amount equal to 13.77 percent and 13.54 percent respectively of participants' gross salaries. The Facility has paid all contributions required through June 30, 2006.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Facility has obtained commercial insurance for the following risks:

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





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

West Central Community Correctional Facility  
Union County  
18200 State Route 4 North  
P.O. Box 268  
Marysville, Ohio 43040

To the Judicial Corrections Board:

We have audited the financial statements of West Central Community Correctional Facility, Union County, Ohio (the Facility) as of and for the years ended June 30, 2006 and June 30, 2005, and have issued our report thereon dated November 30, 2006, wherein we noted the Facility followed accounting practices the Ohio Department of Rehabilitation and Corrections prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted that we were unable to determine the completeness of vending sale receipts accounted for in the Family Fund in the accompanying financial statements. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Facility's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the Facility's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2006-002 through 2006-004.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. We consider reportable condition 2006-002 listed above to be a material weakness. In a separate letter to the Facility's management dated November 30, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Facility's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001. In a separate letter to the Facility's management dated November 30, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management, the Judicial Corrections Board, and the Ohio Department of Rehabilitation and Corrections. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

November 30, 2006

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2006 AND 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Fund Balance Reconciliations**

The Community Based Correctional Facility Grant Manual '05-'06 and '06-'07 Part II, F (3)(c)(1) Pg. 24 states in part that when a County government serves as the fiscal agent for a CBCF, the CBCF must reconcile its cash balances with the County records on a monthly basis.

The Facility does not perform a formal reconciliation of Facility fund balances to County cash fund balances monthly. Not only is this reconciliation a requirement, per the grant manual, it is an effective internal control procedure necessary to ensure that all financial activity has been properly posted by the Fiscal Agent.

We recommend that the Facility perform a formal reconciliation to the County cash balances monthly for all funds.

**Officials' Response:**

The Facility Fiscal Specialist is preparing formal monthly cash reconciliations to Clark County records on a monthly basis beginning in fiscal year 2007.

**FINDING NUMBER 2006-002**

**Vending Machine Sales**

The Correctional Facility purchases miscellaneous items for resale in vending machines located within the Facility. Items sold consist of snack and soda products and certain personal care items, which can be purchased by residents directly from these machines. The Facility purchases its own stock for these vending machines from various local suppliers. Cost for these items will vary depending on which supplier items are purchased from, availability of items, or available sale pricing. The Facility does not always purchase the same products, but will substitute products for others due to lack of availability or the ability to purchase an alternate item for less money. General mark-up on these items is set by the Fiscal Specialist, but the mark-up is not adjusted to reflect any fluctuations in purchase prices or changes in products stocked. The Facility will also provide necessary items to residents from the vending machine stock if they are unable to pay for the items at that time. Vending machine stock is also given away to residents for certain special occasions.

Inventory records are not maintained for the number of individual items purchased, or for the number of individual items sold or given away at no charge. Cash collected from the machines cannot be compared to the number of items sold from machines to determine accuracy of the sales or determine if mark-up is adequate as it relates to the initial cost. Further, by not maintaining these records the Facility cannot ensure that all items purchased are accounted for, and are not being lost due to misappropriation.

The Board should establish and approve a policy regarding the maintenance of inventory records for items purchased by the Facility for resale in vending machines. The Board should also approve the mark-up amount as established by the Fiscal Coordinator. The establishment of, and adherence to, this policy will allow the Facility to adequately monitor financial activity related to these vending machine sales, and allow for the monitoring and safekeeping of inventory.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2006 AND 2005  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-002 (Continued)**

**Vending Machine Sales (Continued)**

**Official's Response:**

We will continue to research alternatives available to us in order to correct the accountability of vending purchases and sales. The Board will also establish and approve a policy regarding the maintenance of inventory records for items purchased by the Facility for resale in vending machines.

**FINDING NUMBER 2006-003**

**Board Monitoring**

The Judicial Corrections Board does not receive detailed reports of the financial activity of the Correctional Facility's Offender funds (Family Fund and Resident Fund), Federal Funds or Capital Fund as a component of their quarterly financial information packets. For the funds identified above the Board is currently reviewing and monitoring only the collection and disbursement of court fines, child support payments and restitution; as receipted by and remitted from the Offender Resident's Fund. Beginning January of 2006 the Board began receiving an income and expense statement for the Offender Family Fund.

By not monitoring all the activity of these funds errors or omissions could occur and go undetected by management.

We recommend that the Board receive detailed expenditure and receipt information within their quarterly packets for all activity for the Offender Funds, Federal Funds and Capital Fund. Family Fund income and expense statements should continue to be provided to the Board at regular meetings. By reviewing and approving this data, the Board can better monitor the financial activity for all of the Facility's funds.

**Officials' Response:**

Detailed reports of the financial activity of Offender funds (Family Fund and Resident Fund), Federal Funds and Capital Fund will all be a component of quarterly financial information packets provided to the Board beginning in calendar year 2007

**FINDING NUMBER 2006-004**

**Individual Resident Accounts**

The Facility maintains a Resident Fund to account for monies held on behalf of the residents of the Facility. The Fiscal Specialist maintains an individual account detail summary sheet for each resident, and records each deposit and expenditure on the individual account summary as they occur.

The Fiscal Specialist posts all deposits and warrant expenditures for resident funds to the accounting system; however, charges for in-house fees for commissary items or services, are not posted to the accounting system. By not posting these in-house charges, the total expenditure amount for the Resident Fund may not be reported accurately.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2006 AND 2005  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-004 (Continued)**

**Individual Resident Accounts (Continued)**

In addition, the Facility will not be able to calculate the total amount for the charges that should be reimbursed and remitted to the general operating (501) or Offender Family Fund, which can affect the accuracy of the revenues reported in those funds. Beginning in January 2006 the Facility began posting this activity to the accounting system and remitting payment to the Family and General Operating Fund upon release of residents, every two weeks. However, the in-house service charges of those residents still housed at the Facility at the close of the year are not posted on the accounting system.

Further, the Fiscal Specialist is not compiling an aggregate cash balance total for all individual accounts per the manual summary sheets, or reconciling this total to the accounting system. By not reconciling the total account activity for all individuals to the accounting system and bank statements, errors made in postings to the accounts may not be detected.

We recommend that the Fiscal Specialist record all expenditure transactions made with resident funds to the accounting system, including those payments assessed to resident accounts for in-house fees for goods or services, as they occur. Warrants should be issued for amounts equal to the payments posted to resident accounts for in-house fees, and these funds should be reimbursed to the general operating fund (501) or the Offender Family Fund, as necessary. The Fiscal Specialist should also calculate and maintain an aggregate cash balance total of all individual resident accounts, and this total balance should be reconciled to the accounting system and to the cash balance on deposit with the financial institution on a monthly basis.

**Officials' Response:**

The Facility Fiscal Specialist will continue to post the activity to the accounting system every two weeks upon release of residents. At the close of the fiscal year an analysis will be performed over all individual resident accounts that remained housed at the Facility. All payments authorized by these residents will be posted to the accounting system and a check will be remitted to the Family and General Operating Fund at this time.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	Cash reconciliations to Clark County for the General Operating (501)fund were not prepared as required by the Grant Manual.	No	Not corrected. Repeated in current year Schedule of Findings 2006-001.
2004-002	Judicial Corrections Board does not monitor financial activity for the Offender Funds.	No	Partially corrected as of January 2006. Repeated in current year Schedule of Findings 2006-003.
2004-003	Vending machine sales are not supported by inventory records, mark-up on products are not Board approved or analyzed for cost recovery.	No	Not corrected. Repeated in current year Schedule of Findings 2006-002.
2004-004	Invoices submitted to fiscal agent for payment were not marked "OK to pay" by Facility.	Yes	N/A
2004-005	Resident payments for in-house services were reported on individual resident accounts but were no reflected within the accounting system. A reconciliation of Individual Resident Accounts to the accounting system is not performed.	No	Partially corrected as of January 2006. Repeated in current year Schedule of Findings 2006-004.



**Mary Taylor, CPA**  
Auditor of State

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY  
UNION 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  
FEBRUARY 6, 2007**