



Mary Taylor, CPA
Auditor of State

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2006	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.....	17

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Mary Taylor, CPA
Auditor of State

Corrections Commission of Southeastern Ohio
Athens County
16677 Riverside Drive
Nelsonville, Ohio 45764

To the Corrections Commission:

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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government 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 adverse 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 17, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Corrections Commission of Southeastern Ohio
Athens County
16677 Riverside Drive
Nelsonville, Ohio 45764

To the Corrections Commission:

We have audited the accompanying financial statements of the Corrections Commission of Southeastern Ohio, Athens County, Ohio (the Commission), as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Commission'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 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 our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Commission to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Commission's larger (i.e. major) funds separately. While the Commission 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. The Auditor of State permits, but does not require governments to reformat their statements. The Commission has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Corrections Commission of Southeastern Ohio, Athens County, Ohio as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Commission 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 17, 2008, on our consideration of the Commission'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. 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.

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

Mary Taylor, CPA
Auditor of State

November 17, 2008

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total All Funds</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	
Cash Receipts:				
Housing of Prisoners	\$ 3,346,002	\$	\$	\$ 3,346,002
Intergovernmental	16,800	21,250		38,050
Sales		153,742		153,742
Earnings on Investments	11,008	1		11,009
Medical Reimbursement	146,134			146,134
Other Revenue	104,686		252,393	357,079
Total Cash Receipts	<u>3,624,630</u>	<u>174,993</u>	<u>252,393</u>	<u>4,052,016</u>
Cash Disbursements:				
Current:				
Salaries	1,760,427			1,760,427
Fringe Benefits	740,437			740,437
Travel and Training	17,268			17,268
Supplies & Materials	497,135			497,135
Repairs & Maintenance	40,536			40,536
Inmate Housing:				
Cost of Goods Sold		144,142		144,142
Medical Expenses		19,311		19,311
Medical Services	177,099			177,099
Contract Services	154,584	21,250		175,834
Utilities	337,138			337,138
Property & Liability Insurance	80,828			80,828
Other Expenditures			217,065	217,065
Capital Outlay	23,151			23,151
Total Cash Disbursements	<u>3,828,603</u>	<u>184,703</u>	<u>217,065</u>	<u>4,230,371</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(203,973)	(9,710)	35,328	(178,355)
Fund Cash Balances, January 1	<u>601,232</u>	<u>108,572</u>	<u>48,896</u>	<u>758,700</u>
Fund Cash Balances, December 31	<u>\$ 397,259</u>	<u>\$ 98,862</u>	<u>\$ 84,224</u>	<u>\$ 580,345</u>
Reserved for Encumbrances, December 31	<u>\$ 6,875</u>	<u>\$ 258</u>	<u>\$ 0</u>	<u>\$ 7,133</u>

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

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total All Funds</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	
Cash Receipts:				
Housing of Prisoners	\$ 3,941,301	\$	\$	\$ 3,941,301
Intergovernmental	16,600	25,000		41,600
Sales		275,867		275,867
Earnings on Investments	10,032			10,032
Medical Reimbursements	67,967			67,967
Other Revenue	174,438	32	330,750	505,220
	<u>4,210,338</u>	<u>300,899</u>	<u>330,750</u>	<u>4,841,987</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Salaries	1,698,478			1,698,478
Fringe Benefits	680,869			680,869
Travel and Training	23,646			23,646
Supplies & Materials	439,296			439,296
Repairs & Maintenance	52,328			52,328
Inmate Housing:				
Cost of Goods Sold		168,351		168,351
Medical Expenses		26,264		26,264
Medical Services	98,226			98,226
Contract Services	204,721	25,000		229,721
Utilities	326,817			326,817
Property & Liability Insurance	88,470			88,470
Other Expenditures	127	2	315,864	315,993
Capital Outlay	125,810			125,810
	<u>3,738,788</u>	<u>219,617</u>	<u>315,864</u>	<u>4,274,269</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	471,550	81,282	14,886	567,718
Fund Cash Balances, January 1, as restated	<u>129,682</u>	<u>27,290</u>	<u>34,010</u>	<u>190,982</u>
Fund Cash Balances, December 31	<u>\$ 601,232</u>	<u>\$ 108,572</u>	<u>\$ 48,896</u>	<u>\$ 758,700</u>
Reserved for Encumbrances, December 31	<u>\$ 18,499</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,499</u>

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

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Corrections Commission of Southeastern Ohio, Athens County (the Commission), as a body corporate and politic. The Board of County Commissioners of Athens, Hocking, Morgan, and Perry counties established the Commission. The Sheriff of each participating county and the presiding Judge of the Court of Common Pleas of each participating county direct the Commission. The purpose of the Commission is to use the authority common to the members to develop, construct, operate and administer a multi-county correctional center to augment county jail programs and facilities.

The Commission's management believes these financial statements present all activities for which the Commission is financially accountable.

B. Accounting Basis

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Fund Accounting

The Commission uses fund accounting to segregate cash and investments that are restricted as to use. The Commission classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Commission had the following significant Special Revenue Fund:

Commissary Fund – Established in accordance with Substitute House Bill 480, this fund accounts for moneys received from sales to inmates, purchasing of merchandise, and payments for inmate medical expenses. This fund also receipts moneys from "pay-to-stay" fees collected from the inmates.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

3. Fiduciary Funds (Agency Funds)

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments that are not available to support the Commission's own programs.

Agency funds are purely custodial in nature and are for holding resources for individuals, organizations or other governments. The Commission established the agency fund to account for monies held on behalf of inmates while incarcerated. The Commission also utilizes and unclaimed monies fund to account for monies not claimed by the rightful owners. These monies include long-outstanding inmate checks and deposits.

D. Budgetary Process

The Commission is not required to follow the budgetary requirements under Ohio Revised Code 5705. However, the Commission does perform annual budgetary procedures for the General Fund and Special Revenue Fund. The Commission did not develop a budget for the Fiduciary Fund.

1. Appropriations

The Commission annually approves an appropriation measure and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control. Unencumbered appropriations lapse at year-end. The Commission reserves (encumbers) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

A summary of 2007 and 2006 budgetary activity appears in Note 4.

E. Property, Plant, and Equipment

The Commission records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. Restatement of Fund Balances

The January 1, 2006 Commissary Inmate Account fund balance increased by \$12,385 due to an error in the prior period. In addition, the Unclaimed Monies Fund was classified as an Expendable Trust rather than an Agency Fund increasing the January 1, 2006 Agency Fund balance by \$17,994.

	Fund Balance at December 31, 2005	Restatement Amounts	Fund Balance at January 1, 2006
Expendable Trust	\$ 17,994	\$ (17,994)	\$ 0
Agency Fund	3,631	30,379	34,010
	<u>\$ 21,625</u>	<u>\$ 12,385</u>	<u>\$ 34,010</u>

3. Equity in Pooled Cash

The Commission maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2007	2006
Demand deposits	<u>\$ 580,345</u>	<u>\$ 758,700</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,469,943	\$ 3,624,630	\$ 154,687
Special Revenue	300,000	174,993	(125,007)
Total	<u>\$ 3,769,943</u>	<u>\$ 3,799,623</u>	<u>\$ 29,680</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,976,643	\$ 3,835,478	\$ 141,165
Special Revenue	200,000	184,961	15,039
Total	<u>\$ 4,176,643</u>	<u>\$ 4,020,439</u>	<u>\$ 156,204</u>

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,834,124	\$ 4,210,338	\$ 376,214
Special Revenue	300,000	300,899	899
Total	\$ 4,134,124	\$ 4,511,237	\$ 377,113

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,555,554	\$ 3,757,287	\$ (201,733)
Special Revenue	200,000	219,617	(19,617)
Total	\$ 3,755,554	\$ 3,976,904	\$ (221,350)

5. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9 percent, respectively, of their gross salaries and the Commission contributed an amount equaling 13.86 and 13.7 percent, respectively, of participants' gross salaries. The Commission has paid all contributions required through December 31, 2007.

6. Risk Management

Commercial Insurance

The Commission has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

Auditor of State

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

Corrections Commission of Southeastern Ohio
Athens County
16677 Riverside Drive
Nelsonville, Ohio 45764

To the Corrections Commission:

We have audited the financial statements of the Corrections Commission of Southeastern Ohio, Athens County, Ohio (the Commission), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated November 17, 2008, wherein we noted the Commission followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Commission's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Commission's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Commission's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding number 2007-003 is also a material weakness.

We also noted certain internal control matters that we reported to the Commission's management in a separate letter dated November 17, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Commission'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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items: 2007-001 and 2007-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Commission's management in a separate letter dated November 17, 2008.

The Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Commission's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the Commission, Finance Committee, and management. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 17, 2008

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Sections 307.93(F)(2) and 753.22(B) require the management of funds in the Commissary Fund shall be strictly controlled in accordance with procedures adopted by the Auditor of State. Auditor of State Bulletin 97-011 states, in part, that since inmates do not have cash on their person while incarcerated to purchase items from the commissary, the following accounting policies and corresponding procedures are recommended when the local correctional facilities have established a commissary:

1. The Commission should provide inmates with pre-numbered ordering forms. The Commission should retain one copy and file it sequentially. The Commission should post the receipt on the individual account card reflecting the order number and amount. The Commission should take a count of the sequentially numbered unused forms monthly.
2. The Commission should record money received for the inmate's account on duplicate receipts, with one copy retained in the facility's file and filed numerically. The Commission should credit the inmate's account and reconcile daily with duplicate receipts, postings to the inmate's ledger cards, and deposits. Each month, the inmate shall receive a statement of their inmate account. The statement shall indicate the balance in the account and any deposits or purchases made during the month.
3. The Commission should retain a numbered billing, and file it numerically in the facility's files, when a deduction of medical expenses occurs directly from the inmate's account. The Commission shall maintain an accounts receivable ledger to account for the cost of requested medical expenses when there is insufficient money in the inmate's individual account at the time of the cost.

The Commission did not provide pre-numbered ordering forms, did not file the ordering forms sequentially, and did not post to individual account cards reflecting order number and amount. In addition, the Commission did not maintain an accounting of unused forms. The Commission did not issue duplicate receipts in numerical order. Medical Billings (Rx Order Forms) were not numbered or filed sequentially. In addition, the Commission did not maintain an accounts receivable ledger. However, inmate account summaries do indicate the total amount owed by individuals.

The above items could allow for receipt and/or billing errors within the system. They could also result in negative fund balances.

We recommend the Commission review Auditor of State Bulletin 97-011 to determine whether the existing policies adopted by the Commission members are adequate and that Commission place all such policies in operation for the Commissary.

Officials' Response:

1. This recommendation is not feasible to implement at a jail facility. Issuing inmates pre-numbered ordering forms will only create a larger accounting problem. Inmates are most likely to destroy the ordering forms creating a much larger accounting problem in trying to account for all lost forms. In addition, extra employee time to implement this system far outweighs any account benefit obtained. The Commission believes the current system is sufficiently accurate to account for commissary funds.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-001 (Continued)

Noncompliance Citation and Significant Deficiency - Ohio Rev. Code Sections 307.93(F)(2) and 753.22(B) (Continued)

2. The Commission acknowledges this is a desirable system. However, it is not feasible in a jail facility. This system would require the hiring of additional personnel to do the daily posting, crediting of inmate's account, and reconciliation daily with duplicate receipts. Absent an indication the current system is allowing large discrepancies to exist in the Commissary Account, the Commission does not believe this is a good use of taxpayer's funds.
3. The Commission acknowledges this is a desirable system. Again, however, it is not feasible in a jail facility. This system would require the hiring of additional personnel to create a numbered inmate billing; do the daily posting of medical expense information on the numbered billing form, and fill out a special inmate ledger for medicate expenses. Absent an indication the current system is allowing large discrepancies to exist in the Medical Account, the Commission does not believe this is a good use of taxpayer's funds. It is noted almost no inmate has sufficient funds to pay for medical treatment and the jail is therefore, forced to pay for the larger part of inmate medical treatments.

FINDING NUMBER 2007-002

Noncompliance Citation

Ohio Rev. Code Section 121.22(G) states, in part, that the members of a public body may hold an executive session only after a majority of a quorum of the public body determines, by a roll call vote, to hold such a session and only at a regular or special meeting for the sole purpose of the consideration of any of the following matters:

- (a) To consider the appointment, employment, dismissal, discipline, promotion, demotion, or compensation of a public employee or official, or the investigation of charges or complaints against a public employee, official, licensee, or regulated individual, unless the public employee, official licensee, or regulated individual requests a public hearing;
- (b) To consider the purchase of property for public purposes, or for the sale of property at competitive bidding, if premature disclosure of information would give an unfair competitive or bargaining advantage to a person whose personal private interest is adverse to the general public interest;
- (c) Conducting conferences with an attorney for the public body, concerning disputes involving the public body that are the subject of pending or imminent court action;
- (d) Preparing for, conducting, or reviewing negotiations or bargaining sessions with public employees concerning their compensation or other terms and conditions of their employment;
- (e) Matters required to be kept confidential by federal laws or rules or state statutes; and,
- (f) Specialized details of security arrangements where disclosure of the matters discussed might reveal information that could be used for the purpose of committing or avoiding prosecution for a violation of the law.

The minutes need only reflect the general subject matter of discussions in executive sessions.

The Commission entered into several executive sessions without the general subject matter or purpose of the discussion reflected in the record of proceedings.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-002 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 121.22(G) (Continued)

The dates of those meetings were as follows: August 30, 2006, September 27, 2006, May 30, 2007 (2 sessions), June 21, 2007, and July 25, 2007. In addition, the Commission entered into several executive sessions with insufficient purpose of discussion. The Commission documented purpose was limited to "personnel reasons" on the following meeting dates: April 26, 2006, November 29, 2006, December 13, 2006, January 31, 2007 (3 sessions), February 28, 2007 (2 sessions), and April 25, 2007. Since the Clerk transcribes the minutes from audio tapes, inaccurate transcription most likely caused a few instances. We could not determine whether the executive sessions held were for an allowable purpose. This could result in unallowable discussions to occur and not be public record.

We recommend executive sessions of the Commission be reflected in the record of minutes, including the general subject matter to be discussed. In addition, we recommend the Commission obtain and review Ohio's Open Government Resource Manual. The Commission can obtain a copy of the manual from the Office of the Auditor of State at www.auditor.state.oh.us/organization/ogu or by calling the Open Government Unit at 614-466-4717.

Officials' Response: The Commission believes the requirement of Ohio Revised Code Section 121.22 (G) were met. It appears the minutes of the Commission did not accurately reflect these facts. In the future, the Commission will insure its minutes do accurately reflect compliance with Ohio Revised Code Section 121.22(G) when conducting executive session.

FINDING NUMBER 2007-003

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Commission did not account for and report all financial transactions in the accounting system. The omitted activity included the Unclaimed Monies Fund and the 317 Board Special Revenue Fund. In addition, the Commission should also be tracking the amounts of unclaimed funds to agree to the balance in the fund.

The Commission maintained a binder with the stubs from the checks issued and stubs from the deposits made for the Unclaimed Monies Fund which provides no tracking tool in the event a prior inmate made a claim on their money.

The Commission maintained a checkbook for the 317 Board Special Revenue Fund, along with a file with invoices sent to the 317 Board and payments made.

An oversight on the part of the Fiscal Director caused the omissions. She knew the accounts needed posted to the system but had not yet corrected the issue. This resulted in adjustments to the financial statements as follows:

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-003 (Continued)

Material Weakness

2007

- Special Revenue Fund receipts and disbursements increased by \$21,250.
- Agency Fund receipts increased \$3,663 and disbursements increased \$546, including a prior fund balance of \$19,379.

2006

- Special Revenue Fund receipts increased \$20,032 and disbursements increased \$20,002.
- Agency Fund receipts increased \$2,724 and disbursements increased \$1,339, including a prior fund balance of \$17,994.

The audited financial statements reflect this activity.

We recommend that the Commission account for the Unclaimed Monies Fund and the 317 Board Special Revenue Fund within their accounting system and track amounts of unclaimed funds to agree to the fund balance.

Officials' Response: The Fiscal Director has taken the necessary steps to ensure the accounting system reflects all financial activity.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Rev. Code Section 149.351; Destruction of records.	Yes	N/A
2005-002	Ohio Rev. Code Sections 307.93(F)(2) and 753.22(B); Commissary Fund was not in accordance with AOS Bulletin 97-011.	No	Not Corrected. This matter is repeated in the current Schedule of Findings as finding number 2007-001
2005-003	Material Weakness; Financial activity was not being provided to management for review.	Yes	N/A
2005-004	Material Weakness; Bank reconciliations were not presented for review.	No	Partially Corrected. This matter is reported in the current Management Letter.



Mary Taylor, CPA
Auditor of State

CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO

ATHENS 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
DECEMBER 24, 2008**