

**Western Ohio Regional Treatment  
and Habilitation Center  
Allen County**  
*Basic Financial Statements – Cash Basis*

For the Fiscal Years Ended June 30, 2008 and 2007





Mary Taylor, CPA  
Auditor of State

Facilities Governing Board  
Western Ohio Regional Treatment and Habilitation Center  
243 East Bluelick Road  
P.O. Box 5305  
Lima, Ohio 45802

We have reviewed the *Independent Auditor's Report* of the Western Ohio Regional Treatment and Habilitation Center, Allen County, prepared by Rea & Associates, Inc., for the audit period July 1, 2006 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Western Ohio Regional Treatment and Habilitation Center is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 17, 2009

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**WESTERN OHIO REGIONAL TREATMENT AND HABILITATION CENTER  
ALLEN COUNTY**

**Basic Financial Statements-Cash Basis  
For the Fiscal Years Ended June 30, 2008 and 2007**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 24, 2008

Western Ohio Regional Treatment  
and Habilitation Center  
243 East Bluelick Road  
Lima, Ohio 45802

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Western Ohio Regional Treatment and Habilitation Center (the Center), Allen County, Ohio as of and for the years ended June 30, 2008 and 2007. 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 described more fully in Note 1, the Center 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 (GAAP) 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.

While the Center 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 following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Center uses. 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 June 30, 2008 and 2007, do not present fairly, in conformity with GAAP in the United States of America, the financial position of the Center's funds as of June 30, 2008 and 2007, or their changes in financial position or cash flows for the years then ended.

Western Ohio Regional Treatment and Habilitation Center  
Independent Auditor's Report  
Page 2  
December 24, 2008

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Center as of June 30, 2008 and 2007, and the related cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Center has not presented Management's Discussion and Analysis, which GAAP 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 December 24, 2008 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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* and should be considered in assessing the results of our audit.

*Hea & Associates, Inc.*

**WESTERN OHIO REGIONAL TREATMENT AND HABILITATION CENTER  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
FOR THE YEAR ENDED JUNE 30, 2008**

|  | ODRC<br>501-501   | Federal            | Offender<br>Personal<br>Funds | I&E<br>Phone/Pepsi<br>Commissions | Commissary      | Vending/<br>Other | Totals            |
|--|-------------------|--------------------|-------------------------------|-----------------------------------|-----------------|-------------------|-------------------|
| <b>Cash Receipts:</b>                            |                   |                    |                               |                                   |                 |                   |                   |
| Intergovernmental                                | \$ 2,819,167      | \$ 94,939          | \$ 0                          | \$ 0                              | \$ 0            | \$ 0              | \$ 2,914,106      |
| Receipts for offenders                           | 0                 | 0                  | 192,263                       | 0                                 | 0               | 0                 | 192,263           |
| Commissions                                      | 0                 | 0                  | 0                             | 13,523                            | 4,148           | 5,823             | 23,494            |
| Reimbursement                                    | 0                 | 0                  | 0                             | 11,539                            | 24,057          | 0                 | 35,596            |
| Other Income/Interest                            | 0                 | 0                  | 0                             | 16                                | 12              | 0                 | 28                |
| <b>Total Cash Receipts</b>                       | <b>2,819,167</b>  | <b>94,939</b>      | <b>192,263</b>                | <b>25,078</b>                     | <b>28,217</b>   | <b>5,823</b>      | <b>3,165,487</b>  |
| <b>Cash Disbursements:</b>                       |                   |                    |                               |                                   |                 |                   |                   |
| Current:   |                   |                    |                               |                                   |                 |                   |                   |
| Personnel  | 1,930,599         | 26,353             | 0                             | 0                                 | 0               | 0                 | 1,956,952         |
| Operating costs                                  | 603,418           | 33,592             | 0                             | 0                                 | 23,446          | 4,959             | 665,415           |
| Program costs                                    | 174,917           | 16,357             | 0                             | 27,086                            | 0               | 0                 | 218,360           |
| Equipment  | 100,349           | 22,118             | 0                             | 0                                 | 0               | 0                 | 122,467           |
| Offender Disbursements:                          |                   |                    |                               |                                   |                 |                   |                   |
| Offender legal obligations                       | 0                 | 0                  | 32,379                        | 0                                 | 0               | 0                 | 32,379            |
| Offender reimbursements                          | 0                 | 0                  | 29,829                        | 0                                 | 0               | 0                 | 29,829            |
| Offender payments to CBCF                        | 0                 | 0                  | 56,452                        | 0                                 | 0               | 0                 | 56,452            |
| Offender savings paid at exit                    | 0                 | 0                  | 75,962                        | 0                                 | 0               | 0                 | 75,962            |
| <b>Total Cash Disbursements</b>                  | <b>2,809,283</b>  | <b>98,420</b>      | <b>194,622</b>                | <b>27,086</b>                     | <b>23,446</b>   | <b>4,959</b>      | <b>3,157,816</b>  |
| Disbursements on prior year encunbrances         | 6,684             | 0                  | 0                             | 0                                 | 0               | 0                 | 6,684             |
| <b>Total Receipts Over/(Under) Disbursements</b> | <b>3,200</b>      | <b>(3,481)</b>     | <b>(2,359)</b>                | <b>(2,008)</b>                    | <b>4,771</b>    | <b>864</b>        | <b>987</b>        |
| Fund Cash Balances, July 1, 2007                 | 208,323           | (15,449)           | 4,105                         | 3,907                             | 1,794           | 555               | 203,235           |
| Fund Cash Balances, June 30, 2008                | <u>\$ 211,523</u> | <u>\$ (18,930)</u> | <u>\$ 1,746</u>               | <u>\$ 1,899</u>                   | <u>\$ 6,565</u> | <u>\$ 1,419</u>   | <u>\$ 204,222</u> |
| Unpaid obligations/open purchase orders          | <u>\$ 8,001</u>   |                    |                               |                                   |                 |                   |                   |

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

**WESTERN OHIO REGIONAL TREATMENT AND HABILITATION CENTER  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
FOR THE YEAR ENDED JUNE 30, 2007**

|  | ODRC<br>501-501   | Federal            | Offender<br>Personal<br>Funds | I&E<br>Phone/Pepsi<br>Commissions | Commissary      | Vending/<br>Other | Totals            |
|--|-------------------|--------------------|-------------------------------|-----------------------------------|-----------------|-------------------|-------------------|
| <b>Cash Receipts:</b>                            |                   |                    |                               |                                   |                 |                   |                   |
| Intergovernmental                                | \$ 2,712,827      | \$ 70,722          | \$ 0                          | \$ 0                              | \$ 0            | \$ 0              | \$ 2,783,549      |
| Receipts for offenders                           | 0                 | 0                  | 235,612                       | 0                                 | 0               | 0                 | 235,612           |
| Commissions                                      | 0                 | 0                  | 0                             | 16,895                            | 0               | 6,422             | 23,317            |
| Reimbursement                                    | 0                 | 0                  | 0                             | 17,383                            | 21,048          | 0                 | 38,431            |
| <b>Total Cash Receipts</b>                       | <b>2,712,827</b>  | <b>70,722</b>      | <b>235,612</b>                | <b>34,278</b>                     | <b>21,048</b>   | <b>6,422</b>      | <b>3,080,909</b>  |
| <b>Cash Disbursements:</b>                       |                   |                    |                               |                                   |                 |                   |                   |
| Current:   |                   |                    |                               |                                   |                 |                   |                   |
| Personnel  | 1,973,496         | 28,593             | 0                             | 0                                 | 0               | 0                 | 2,002,089         |
| Operating costs                                  | 510,092           | 17,014             | 0                             | 0                                 | 19,305          | 7,770             | 554,181           |
| Program costs                                    | 155,392           | 13,925             | 0                             | 35,668                            | 0               | 0                 | 204,985           |
| Equipment  | 48,799            | 0                  | 0                             | 0                                 | 0               | 0                 | 48,799            |
| Offender Disbursements:                          |                   |                    |                               |                                   |                 |                   |                   |
| Offender legal obligations                       | 0                 | 0                  | 40,566                        | 0                                 | 0               | 0                 | 40,566            |
| Offender reimbursements                          | 0                 | 0                  | 31,144                        | 0                                 | 0               | 0                 | 31,144            |
| Offender payments to CBCF                        | 0                 | 0                  | 57,378                        | 0                                 | 0               | 0                 | 57,378            |
| Offender savings paid at exit                    | 0                 | 0                  | 105,007                       | 0                                 | 0               | 0                 | 105,007           |
| <b>Total Cash Disbursements</b>                  | <b>2,687,779</b>  | <b>59,532</b>      | <b>234,095</b>                | <b>35,668</b>                     | <b>19,305</b>   | <b>7,770</b>      | <b>3,044,149</b>  |
| Disbursements on prior year encunbrances         | 6,365             | 0                  | 0                             | 0                                 | 0               | 0                 | 6,365             |
| <b>Total Receipts Over/(Under) Disbursements</b> | <b>18,683</b>     | <b>11,190</b>      | <b>1,517</b>                  | <b>(1,390)</b>                    | <b>1,743</b>    | <b>(1,348)</b>    | <b>30,395</b>     |
| Fund Cash Balances, July 1, 2006                 | 189,640           | (26,639)           | 2,588                         | 5,297                             | 51              | 1,903             | 172,840           |
| Fund Cash Balances, June 30, 2007                | <u>\$ 208,323</u> | <u>\$ (15,449)</u> | <u>\$ 4,105</u>               | <u>\$ 3,907</u>                   | <u>\$ 1,794</u> | <u>\$ 555</u>     | <u>\$ 203,235</u> |
| Unpaid obligations/open purchase orders          | <u>\$ 6,684</u>   |                    |                               |                                   |                 |                   |                   |

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

**WESTERN OHIO REGIONAL TREATMENT AND HABILITATION CENTER  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**1. SUMMARY OF THE ENTITY**

**A. Description of the Entity**

The Western Ohio Regional Treatment and Habilitation (the Center), Allen County, a Community Based Corrections 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 90 offenders as of June 30, 2008. The Facilities Governing 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:

|               |                 |                 |
|---------------|-----------------|-----------------|
| Allen County  | Auglaize County | Hancock County  |
| Hardin County | Mercer County   | Paulding County |
| Putnam County | Shelby County   | Van Wert County |

For the years ended June 30, 2008 and 2007, the financial statements present all funds related to the Center.

**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 Center recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability occurred.

These statements adequately disclose material matters the Ohio Department of Rehabilitation and Corrections requires.

**C. Cash**

The Allen County Auditor is the custodian of the Center's grant funds and State appropriations. The County holds the Center assets in the County's cash pool, valued at the County Auditor's reported carrying amount. The Center holds offenders' cash in demand deposit accounts.

**WESTERN OHIO REGIONAL TREATMENT AND HABILITATION CENTER  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**D. Fund Accounting**

The Center uses fund accounting to segregate amounts that are restricted as to use. The Center 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 Center to support general operating costs.

Federal: Reports amounts received from the Federal government, including amounts passed through ODRC.

**Offender Funds**

Offender Personal Funds: These funds 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.

I&E: This fund received other Offender Funds, such as telephone and commissary commissions, and per diem rates charged to employed offenders. This fund pays for programs and services benefiting offenders, such as indigent offenders' supplies and entertainment. The Offender Personal fund reimburses this Fund for costs chargeable to Offender Funds.

Commissary: Reports amounts charged to non-indigent offenders' personal funds for use of the commissary, per Ohio Revised Code 2301.58.

Vending and Other/Miscellaneous: This fund receives other significant sources of receipts, such as vending machine commissions.

**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. Facilities must obtain approval from the ODRC to transfer amounts between budget categories.

**WESTERN OHIO REGIONAL TREATMENT AND HABILITATION CENTER  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**2. Encumbrances**

Disbursements from State appropriations and Grants are subject to Allen County's payment approval process. 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 reported as spent within ninety days of June 30 to liquidate year end commitments. Amounts not liquidated within the ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 4.)

A summary of 2008 and 2007 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. The financial statements do not report 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 Center uses. During 2008 and 2007, cash payments were made for accumulated leave in the following amounts \$16,481 and \$10,383, respectively.

**2. Budgetary Activity**

Budgetary activity for ODRC 501-501 funding for the years 2008 and 2007 as follows:

**2008 Budgetary Vs. Actual Budgetary Basis Expenditures**

| <u>Budget</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|---------------|-------------------------------|-----------------|
| \$2,819,167   | \$2,817,310                   | \$1,857         |

**2007 Budgetary Vs. Actual Budgetary Basis Expenditures**

| <u>Budget</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|---------------|-------------------------------|-----------------|
| \$2,712,827   | \$2,694,463                   | \$18,364        |

**WESTERN OHIO REGIONAL TREATMENT AND HABILITATION CENTER  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**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.

**Offender Funds**

**Deposits**

The Center has Federal Deposit Insurance Corporation (FDIC) coverage of \$100,000 for Offender Funds. Offender funds did not exceed the FDIC coverage during the audit year.

**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.

|   | <b>Refund to ODRC</b> |             |
|---|-----------------------|-------------|
|   | <b>2008</b>           | <b>2007</b> |
| Cash July 1                                   | \$ 208,323            | \$ 189,640  |
| Disbursements against Prior Year Budget       | 6,684                 | 6,365       |
| Payable to ODRC July 1                        | 0                     | 0           |
| Sub-Total                                     | 201,639               | 183,275     |
| 501 Cash Receipts                             | 2,819,167             | 2,712,827   |
| Allowable Budgetary Basis Distributions       | (2,817,310)           | (2,694,463) |
| Amount Subject to Refund, June 30             | 203,496               | 201,639     |
| Lesser of One-Twelfth or Balance of 501 Award | (203,496)             | (201,639)   |
| Refundable to ODRC                            | \$ 0                  | \$ 0        |

**WESTERN OHIO REGIONAL TREATMENT AND HABILITATION CENTER  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**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 provides retirement benefits, including post-retirement 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 the calendar years of 2008, 2007 and 2006, OPERS members contributed 10.00 percent, 9.50 percent, and 9.00 percent, respectively, of their gross salaries to OPERS. The Center contributed an amount equal to 14.00 percent, 13.77 percent, and 13.54 percent, of participants' gross salaries for 2008, 2007, and 2006 respectively. The Center has paid all contributions required through June 30, 2008.

**6. Risk Management**

**Commercial Insurance**

The Center is included in Allen County's commercial insurance policies through CORSA (County Risk Sharing Authority) for the following:

- Comprehensive property and general liability
- Vehicles

The Center is insured through Alliance Municipal Insurance for the following risks:

- Law Enforcement Liability – occurrence coverage.
- Public Officials Liability – claims made coverage
- Employment Practices Liability – claims made coverage
- General Liability for Equipment, Electronic Data, and Property
- Bonding (Employee Dishonesty) through Old Republic Surety Company



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 24, 2008

Western Ohio Regional Treatment  
and Habilitation Center  
243 East Bluelick Road  
Lima, Ohio

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

To the Facilities Governing Board:

We have audited the financial statements of the Western Ohio Regional Treatment and Habilitation Center (the Center), Allen County, Ohio as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated December 24, 2008, wherein we noted the Center followed accounting practices the Auditor of State prescribes or permits 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center'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 to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses (Finding 2008-01) to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

In addition, we noted certain matters that we reported to management of the Center in a separate letter dated December 24, 2008.

#### **Compliance and Other Matters**

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Center's response to the finding identified in our audit is described in the accompanying schedule of findings and we did not audit the Center's response and, accordingly, we express no opinion on it.

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

*Rea & Associates, Inc.*

**WESTERN OHIO REGIONAL TREATMENT AND HABILITATION CENTER  
ALLEN COUNTY**

*Schedule of Findings  
For the Fiscal Years Ended June 30, 2008 and 2007*

**FINDING NUMER 2008-001**

**Material Weakness**

The Center does not have a process in place to reconcile the cash receipts on the county auditor's books for the federal grants with the cash receipts reported on the statements submitted for audit. As a result, intergovernmental receipts were materially overstated by \$9,689 for fiscal year 2008 and materially understated by \$12,187 for fiscal year 2007 due to not reporting these receipts on the cash basis. Material amounts noted above have been subsequently booked and represented on the audited financial statements.

We recommend that the Center obtain the necessary training to understand cash basis reporting.

**Management's Response:** Management does not recall knowing that the form with which the Center reports its Fiscal Year reporting to the State was a concern. It has become clear that, due to changes in the accounting standards, that is has now become a finding. Training will occur in early calendar year 2009 as well as June 30<sup>th</sup> to ensure compliance.

**WESTERN OHIO REGIONAL TREATMENT AND HABILITATION CENTER  
ALLEN COUNTY**

*Schedule of Prior Audit Findings  
Fiscal Years Ended June 30, 2008 and 2007*

| <b>Finding Number</b> | <b>Finding Summary</b>   | <b>Fully Corrected?</b> | <b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b> |
|-----------------------|--|-------------------------|--|
| 2006-01               | Year-end encumbrances were not appropriately handled according to the Grant Manuals.                   | Yes                     |  |
| 2006-02               | Prior certification of expenditures was not appropriately handled according to the ODRC Grant Manuals. | Yes                     |  |



**Mary Taylor, CPA**  
Auditor of State

**WESTERN OHIO REGIONAL TREATMENT AND HABILITATION CENTER  
ALLEN 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  
MARCH 3, 2009**