

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

For the Fiscal Years Ended June 30, 2010 and 2009



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.



Dave Yost • Auditor of State

Facilities Governing Board
Western Ohio Regional Treatment and Habilitation Center
243 East Bluelick Road
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, 2008 through June 30, 2010. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Ohio Department of Rehabilitation and Corrections. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 10, 2011

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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, 2010 and 2009

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

December 14, 2010

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, 2010 and 2009. 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 audits.

We conducted our audits 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 audits provide 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 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 accounting principles generally accepted in the United States of America, we presume they are material.

While the Center does not follow accounting principles generally accepted in the United States of America, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to accounting principles generally accepted in the United States of America 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, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Center as of June 30, 2010 and 2009 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances and unpaid obligations of the Center as of June 30, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Center 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 December 14, 2010 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. 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 audits performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Rea & 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, 2010

	ODRC 501-501	Capital	Federal	Offender Personal Funds	I&E Phone/Pepsi Commissions	Commissary	Vending/ Other	Totals
Cash Receipts:								
Intergovernmental	\$ 2,977,167	\$ 178,975	\$ 57,525	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,213,667
Receipts for offenders	0	0	0	60,479	0	0	0	60,479
Commissions	0	0	0	0	10,381	0	6,143	16,524
Reimbursement	0	0	0	0	2,385	21,077	316	23,778
Other Income/Interest	0	0	0	0	1	2	8	11
Total Cash Receipts	2,977,167	178,975	57,525	60,479	12,767	21,079	6,467	3,314,459
Cash Disbursements:								
Current:								
Personnel	1,969,927	0	0	0	0	0	0	1,969,927
Operating costs	597,690	0	21,058	0	0	21,084	4,784	644,616
Program costs	173,026	0	13,986	0	12,510	0	0	199,522
Equipment	178,112	178,975	5,687	0	0	0	0	362,774
Offender Disbursements:								
Offender legal obligations	0	0	0	3,385	0	0	0	3,385
Offender reimbursements	0	0	0	22,972	0	0	0	22,972
Offender payments to CBCF	0	0	0	28,857	0	0	0	28,857
Offender savings paid at exit	0	0	0	5,769	0	0	0	5,769
Total Cash Disbursements	2,918,755	178,975	40,731	60,983	12,510	21,084	4,784	3,237,822
Disbursements on prior year encumbrances	3,764	0	0	0	0	0	0	3,764
Total Receipts Over/(Under) Disbursements	54,648	0	16,794	(504)	257	(5)	1,683	72,873
Fund Cash Balances, July 1, 2009	207,380	0	(29,323)	2,001	61	1,912	799	182,830
Fund Cash Balances, June 30, 2010	\$ 262,028	\$ 0	\$ (12,529)	\$ 1,497	\$ 318	\$ 1,907	\$ 2,482	\$ 255,703
Unpaid obligations/open purchase orders	\$ 69,438							

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, 2009

	ODRC 501-501	Federal	Offender Personal Funds	I&E Phone/Pepsi Commissions	Commissary	Vending/ Other	Totals
Cash Receipts:							
Intergovernmental	\$ 2,807,167	\$ 71,476	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,878,643
Receipts for offenders	0	0	132,434	0	0	0	132,434
Commissions	0	26	0	10,509	1,598	4,495	16,628
Reimbursement	0	0	0	7,951	25,366	1,224	34,541
Other Income/Interest	0	0	0	1,382	4	0	1,386
Total Cash Receipts	2,807,167	71,502	132,434	19,842	26,968	5,719	3,063,632
Cash Disbursements:							
Current:							
Personnel	1,919,208	34,383	0	0	0	0	1,953,591
Operating costs	636,062	25,308	0	0	31,121	6,339	698,830
Program costs	204,548	20,554	0	21,680	0	0	246,782
Equipment	43,491	2,494	0	0	0	0	45,985
Offender Disbursements:							
Offender legal obligations	0	0	17,347	0	0	0	17,347
Offender reimbursements	0	0	29,076	0	0	0	29,076
Offender payments to CBCF	0	0	47,971	0	0	0	47,971
Offender savings paid at exit	0	0	38,285	0	0	0	38,285
Total Cash Disbursements	2,803,309	82,739	132,679	21,680	31,121	6,339	3,077,867
Disbursements on prior year encumbrances	8,001	0	0	0	0	0	8,001
Total Receipts Over/(Under) Disbursements	(4,143)	(11,237)	(245)	(1,838)	(4,153)	(620)	(22,236)
Fund Cash Balances, July 1, 2008 (Restated)	211,523	(18,086)	2,246	1,899	6,065	1,419	205,066
Fund Cash Balances, June 30, 2009	<u>\$ 207,380</u>	<u>\$ (29,323)</u>	<u>\$ 2,001</u>	<u>\$ 61</u>	<u>\$ 1,912</u>	<u>\$ 799</u>	<u>\$ 182,830</u>
Unpaid obligations/open purchase orders	<u>\$ 3,764</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, 2010 AND 2009**

1. SUMMARY OF THE ENTITY

A. Description of the Entity

The Western Ohio Regional Treatment and Habilitation Center (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, 2010. A Facilities Governing Board oversees the Center's operations. 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, 2010 and 2009, 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. Deposits and Investments

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

D. Fund Accounting

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

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

D. Fund Accounting (continued)

State Appropriations and Grants

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

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

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

Offender Funds

Offender Personal 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 Fund: This fund receives 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, 2010 AND 2009

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 2010 and 2009 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. The financial statements do not include a liability for unpaid leave.

2. Budgetary Activity

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2010 and 2009 follows:

2010 Budgeted Vs. Actual Budgetary Basis Expenditures

<u>Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
\$2,985,667	\$2,985,074	\$593

2009 Budgeted Vs. Actual Budgetary Basis Expenditures

<u>Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
\$2,807,167	\$2,806,530	\$637

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

3. Collateral on Deposits

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 up to \$250,000 for Offender Funds. Offender funds did not exceed the FDIC coverage during the audit period.

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.

	Refund to ODRC	
	2010	2009
Cash July 1	\$ 207,380	\$ 211,523
Disbursements against Prior Year Budget	(3,764)	(8,001)
Payable to ODRC July 1	0	0
Sub-Total	<u>203,616</u>	<u>203,522</u>
501 Cash Receipts	2,977,167	2,807,167
Budgetary Basis Distributions	<u>(2,985,074)</u>	<u>(2,806,530)</u>
Amount Subject to Refund, June 30	195,709	204,159
One-Twelfth of 501 Award	<u>(248,097)</u>	<u>(233,931)</u>
Refundable to ODRC	<u>\$ 0</u>	<u>\$ 0</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

5. Retirement Systems

The Center'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 2010 and 2009, OPERS members contributed 10 percent of their gross salaries and the Center contributed an amount equaling 14 percent of participants' gross salaries. The Center has paid all contributions required through June 30, 2010.

6. Risk Management

Commercial Insurance

The Center is included in Allen County's commercial insurance policies through County Risk Sharing Authority, Inc. (CORSA). The CORSA is a public entity shared risk pool among forty-one counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a primary group and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' error and omissions liability insurance.

Each member, one from each member county, has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member County's control over budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member Counties' obligation to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County does not have an equity interest or financial responsibility.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

7. Restatement of Fund Balance

Federal, Offender Personal Funds and Commissary Fund cash balances as of July 1, 2008 have been restated due to correction of an error. All funds have experienced immaterial variances in prior periods due to reconciliation issues that have been corrected. The following table presents the change in cash balances for both funds:

	<u>Federal</u>	<u>Offender Personal Funds</u>	<u>Commissary</u>
Cash Balance, July 1, 2008	\$ (18,930)	\$ 1,746	\$ 6,565
Correction of Error	844	500	(500)
Restated Cash Balance, July 1, 2008	<u>\$ (18,086)</u>	<u>\$ 2,246</u>	<u>\$ 6,065</u>



Rea & Associates, Inc.

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December 14, 2010

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

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

We have audited the financial statements of Western Ohio Regional Treatment and Habilitation Center (the "Center"), Allen County, Ohio as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated December 14, 2010, wherein we noted the Center 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 conducted our audits 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses. We consider the deficiencies described in the accompanying schedule of findings and responses (Findings 2010-01 and 2010-02) to be material weaknesses.

Western Ohio Regional Treatment
and Habilitation Center
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*
December 14, 2010
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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*.

We noted certain matters that we reported to management of the Center in a separate letter dated December 14, 2010.

The Center's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses and we did not audit the Center's responses and, accordingly, we express no opinions on them.

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 and Responses
For the Fiscal Years Ended June 30, 2010 and 2009*

**FINDING 2010-01
Material Weakness**

Reconciling Offender Funds:

Criteria: Financial reporting is the responsibility of the management and the Facilities Governing Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Condition Found: During the bank reconciliation, it was noted that the balance of Offender Personal Funds cannot be properly reconciled to the bank balance. The reconciliation feature in Probatum is not completely reconciling the system fund balance to the bank. It was also noted that the outstanding withdrawals and deposits on the reconciliation change by the day based on any check or deposit that has cleared after the reconciliation has been performed. This makes it difficult to determine an accurate amount of outstanding checks or deposits. In addition, no other form of reconciliation is being completed to verify the appropriate fund cash balance on the financial statements or in the bank for Offender Personal Funds.

Effect: As a result, a material prior period adjustment of \$500 was required to correct the June 30, 2008 fund cash balances on the financial statements. Additionally, the bank account cash balances did not agree to the reconciled fund cash balances for the Offender Personal Fund and Commissary Fund. Incomplete bank reconciliations could result in errors or misappropriation of assets that are not detected by the Center in a timely manner.

Recommendations: We recommend the Center completely reconciles the Offender Personal Funds bank account to the Probatum system fund balance at the end of every month. If the reconciliation feature does not provide an adequate reconciliation, an alternative reconciliation method may be necessary.

Corrective Action: Contact Person: Peggy Elmquist, Fiscal Coordinator
Management will manually prepare bank reconciliations to reconcile the Offender Personal Funds to the financial statement.

FINDING 2010-02
Material Weakness

Financial Statement Adjustments:

Criteria: Financial reporting is the responsibility of the management and the Facilities Governing Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Condition Found: During audit testing, a significant amount of audit adjustments were required to make the financial statements materially correct. Audit adjustments were required to correct the cash balances of the Commissary and I&E funds in both fiscal years due to errors with recording transactions into QuickBooks. Material adjustments were required for both fiscal years for the ODRC 501 fund to correct the cash, receipts, and expense balances due to misunderstanding regarding cash basis account as compared to budgetary grant compliance. These adjustments were not identified by the client or during the compilation – they were all as a result of audit testing.

Effect: Materially misstated financial statements that could affect the reader's opinion of the Center.

Recommendations: We recommend the Fiscal Coordinator obtains necessary training to understand the elements of the financial statement or hire a compilation team in order to compile accurate financial statements.

Corrective Action: Contact Person: Peggy Elmquist, Fiscal Coordinator
Management will obtain the necessary training to properly prepare the financial statement or consult with an outside firm for the compilation of the Center's annual financial statements.

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

*Schedule of Prior Audit Findings
Fiscal Years Ended June 30, 2010 and 2009*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-01	The Center did 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.	Yes	



Dave Yost • 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 22, 2011**