



Dave Yost • Auditor of State



**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2011 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Fiduciary Fund Type - For the Year Ended December 31, 2011 .....	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2010 .....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2010 .....	8
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings .....	17
Schedule of Prior Audit Findings .....	19

**This page intentionally left blank.**



# Dave Yost • 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.

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

**Dave Yost**  
Auditor of State

April 2, 2012

**This page intentionally left blank.**



# Dave Yost • 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, 2011 and 2010. 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.

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, 2011 and 2010 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, 2011 and 2010, 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 combined fund cash balances as of December 31, 2011 and 2010 of the Corrections Commission of Southeastern Ohio, Athens County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Corrections Commission of Southeastern Ohio adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2012, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

April 2, 2012

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>			<u>Total All Funds</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Housing of Prisoners	\$ 4,109,910	\$	\$	\$ 4,109,910
Intergovernmental		15,002		15,002
Sales		196,123		196,123
Earnings on Investments	18,808			18,808
Medical Reimbursement	67,831			67,831
Other Revenue	122,949			122,949
<b>Total Cash Receipts</b>	<u>4,319,498</u>	<u>211,125</u>	<u>0</u>	<u>4,530,623</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	1,972,442			1,972,442
Fringe Benefits	1,012,980			1,012,980
Travel and Training	10,448			10,448
Supplies & Materials	430,947			430,947
Repairs & Maintenance	42,962			42,962
Inmate Housing:				
Cost of Goods Sold		172,234		172,234
Medical Expenses		13,946		13,946
Medical Services	57,878			57,878
Contract Services	170,026	15,000		185,026
Utilities	321,395			321,395
Property & Liability Insurance	67,492			67,492
Other Expenditures	19,304			19,304
Capital Outlay	9,360		1,600	10,960
<b>Total Cash Disbursements</b>	<u>4,115,234</u>	<u>201,180</u>	<u>1,600</u>	<u>4,318,014</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	204,264	9,945	(1,600)	212,609
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			30,380	30,380
Transfers-Out	(30,380)			(30,380)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(30,380)</u>	<u>0</u>	<u>30,380</u>	<u>0</u>
<b>Net Change in Fund Cash Balance</b>	173,884	9,945	28,780	212,609
<b>Fund Cash Balances, January 1</b>	<u>480,575</u>	<u>129,223</u>	<u>148,628</u>	<u>758,426</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	16,695			16,695
Restricted		139,168		139,168
Committed			177,408	177,408
Assigned	18,005			18,005
Unassigned (Deficit)	619,759			619,759
<b>Fund Cash Balances, December 31</b>	<u>\$ 654,459</u>	<u>\$ 139,168</u>	<u>\$ 177,408</u>	<u>\$ 971,035</u>

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

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<b>Cash Receipts:</b>	
Other Revenue	<u>\$ 289,055</u>
Total Cash Receipts	<u>289,055</u>
<b>Cash Disbursements:</b>	
Other Expenditures	<u>291,643</u>
Total Cash Disbursements	<u>291,643</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(2,588)
Fund Cash Balances, January 1	<u>11,050</u>
Fund Cash Balances, December 31	<u><u>\$ 8,462</u></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 FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General Governmental</u>	<u>Special Revenue</u>	<u>Capital Improvement</u>	<u>Total All Funds</u>
<b>Cash Receipts:</b>				
Housing of Prisoners	\$ 3,941,211	\$	\$	\$ 3,941,211
Intergovernmental	2,600	15,004		17,604
Sales		165,437		165,437
Earnings on Investments	15,826			15,826
Medical Reimbursements	53,257			53,257
Other Revenue	101,147			101,147
	<u>4,114,041</u>	<u>180,441</u>	<u>0</u>	<u>4,294,482</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
Salaries	2,001,416			2,001,416
Fringe Benefits	913,911			913,911
Travel and Training	9,060			9,060
Supplies & Materials	389,399			389,399
Repairs & Maintenance	55,916			55,916
Inmate Housing:				
Cost of Goods Sold		153,233		153,233
Medical Expenses		14,031		14,031
Medical Services	68,983			68,983
Contract Services	210,149	15,000		225,149
Utilities	363,240			363,240
Property & Liability Insurance	67,988			67,988
Other Expenditures	736			736
Capital Outlay	24,615		5,511	30,126
	<u>4,105,413</u>	<u>182,264</u>	<u>5,511</u>	<u>4,293,188</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	8,628	(1,823)	(5,511)	1,294
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers In			120,797	120,797
Transfers Out	(120,797)			(120,797)
	<u>(120,797)</u>	<u>0</u>	<u>120,797</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Net Change in Fund Cash Balance	(112,169)	(1,823)	115,286	1,294
Fund Cash Balances, January 1	592,744	131,046	33,342	757,132
<b>Fund Cash Balances, December 31</b>				
Nonspendable	32,713			32,713
Restricted		129,223		129,223
Committed			148,628	148,628
Assigned	27,967			27,967
Unassigned (Deficit)	419,895			419,895
	<u>480,575</u>	<u>129,223</u>	<u>148,628</u>	<u>758,426</u>
Fund Cash Balances, December 31				

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

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Cash Receipts:</b>	
Other Revenue	\$ 246,299
Total Cash Receipts	246,299
<b>Cash Disbursements:</b>	
Other Expenditures	245,764
Total Cash Disbursements	245,764
Total Cash Receipts Over/(Under) Cash Disbursements	535
Fund Cash Balances, January 1	10,515
Fund Cash Balances, December 31	<b>\$ 11,050</b>

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, 2011 AND 2010**

**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 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, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**C. Fund Accounting (Continued)**

**3. Capital Projects Fund**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Commission had the following significant Capital Project Fund:

Capital Improvement Fund – This fund receives transfers from the General Fund for ten percent of housing of prisoners revenues received from non-member counties for future expansion and capital improvements to the facilities.

**4. Fiduciary Fund (Agency Fund)**

Fiduciary funds include agency funds. 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.

**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 2011 and 2010 budgetary activity appears in Note 3.

**E. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Commission must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Fund Balance (Continued)**

**1. Nonspendable**

The Commission classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Commission must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a Commission official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Commission applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**F. 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.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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. Change in Accounting Principle and Restatement of Net Assets/Fund Equity**

For fiscal year 2011 and 2010, the Commission reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	<u>Fund Balance at December 31, 2011</u>	<u>GASB 54 Change in Fund Structure</u>	<u>Adjusted Fund Balance at December 31, 2011</u>
General Fund	\$637,764	\$16,695	\$654,459
	<u>Fund Balance at December 31, 2010</u>	<u>GASB 54 Change in Fund Structure</u>	<u>Adjusted Fund Balance at December 31, 2010</u>
General Fund	\$447,863	\$32,712	\$480,575

**3. Equity in Pooled Deposits**

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

	<u>2011</u>	<u>2010</u>
Demand deposits	\$979,497	\$769,476

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Commission.

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,091,710	\$4,319,498	\$227,788
Special Revenue	0	211,125	211,125
Capital Projects	0	30,380	30,380
Total	\$4,091,710	\$4,561,003	\$469,293

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**4. Budgetary Activity (Continued)**

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,354,235	\$4,163,620	\$190,615
Special Revenue	195,468	201,180	(5,712)
Capital Projects	12,150	11,788	362
Total	<u>\$4,561,853</u>	<u>\$4,376,588</u>	<u>\$185,265</u>

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,743,775	\$4,114,041	\$370,266
Special Revenue	0	180,441	180,441
Capital Projects	0	120,797	120,797
Total	<u>\$3,743,775</u>	<u>\$4,415,279</u>	<u>\$671,504</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,340,907	\$4,254,177	\$86,730
Special Revenue	225,000	182,732	42,268
Capital Projects	7,500	7,161	339
Total	<u>\$4,573,407</u>	<u>\$4,444,070</u>	<u>\$129,337</u>

**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 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Commission contributed an amount equaling 14% of participants' gross salaries. The Commission has paid all contributions required through December 31, 2011.

**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

**This page intentionally left blank.**



# Dave Yost • 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, 2011 and 2010, and have issued our report thereon dated April 2, 2012 wherein we noted the Commission prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America and has adopted Governmental Accounting Standards Board Statement No. 54. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

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

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. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Commission's management in a separate letter dated April 2, 2012.

The Commission's response to the finding identified in our audit is 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 management, the Finance Committee, and others within the Commission. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

April 2, 2012

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2011-001**

**Noncompliance Citation**

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 Ohio Sheriff's Manual 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. In addition, we recommend the Commission use separate numerical sequences for duplicate receipts at each collection point to ensure completeness.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

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

**FINDING NUMBER 2011-001 (Continued)**

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

**Officials' Response:** 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.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Ohio Rev. Code Sections 307.93(F)(2) and 753.22(B); Commissary procedures	No	Not Corrected  See Finding Number 2011-001 in the accompanying Schedule of Findings

**This page intentionally left blank.**



# Dave Yost • 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  
MAY 3, 2012**