

AUDITOR OF STATE BULLETIN 97-003
JANUARY 20, 1997

TO: ALL TOWNSHIP CLERKS
ALL VILLAGE CLERK/TREASURERS
ALL COUNTY AUDITORS
ALL MUNICIPAL FINANCE DIRECTORS
ALL CITY AUDITORS
ALL SCHOOL TREASURERS
ALL LIBRARY CLERKS
ALL INDEPENDENT PUBLIC ACCOUNTANTS

SUBJECT: ACCOUNTING TREATMENT FOR INTER-FUND CASH ADVANCES
This bulletin replaces MAS Bulletin No. 85-09 issued December 17, 1985.

The purpose of this bulletin is to reissue a previous bulletin pertaining to the accounting treatment for inter-fund cash advances. Such a cash advance may be a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans and to provide the necessary "seed" for grants that are allocated on a reimbursement basis. The intent for this type of cash advance is to require repayment within the current year.

Inter-fund cash advances are subject to the following requirements:

1. Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Revised Code. Advances on the other hand, are intended to temporarily reallocate cash from one fund to another and involve an expectation of repayment;
2. In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
3. The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and
4. Advances must be approved by a formal resolution of the taxing authority of the subdivision. This resolution must include:
 - a. A specific statement that the transaction is an advance of cash, and
 - b. An indication of the money (fund) from which it is expected that repayment will be made.

Accounting Procedures

The following procedures (see examples on attached pages) are necessary to account for inter-fund advances:

1. **Cash Journal** - On the effective date of the resolution authorizing an advance, an entry should be made in the cash journal to reduce the cash balance of the creditor fund by the amount of the advance and to increase the cash balance of the debtor fund by the same amount.
2. **Ledger Accounts** - When the initial advance occurs, a ledger account for "Advances Out" must be established for the creditor fund. Similarly, a ledger account for "Advance In" must be established in the debtor fund. All pertinent information should be recorded on the ledger when the transaction is posted.
3. **Cash Journal** - On repayment of the advance in whole, or in part, an entry should be made in the cash journal to increase the cash balance of the creditor fund by the amount of repayment and to reduce the cash balance of the debtor fund by the same amount.
4. **Ledger Accounts** - When the advance is repaid, a ledger account for "Advances Out" will need to be established in the debtor fund to show the disbursement of the repayment. To record the receipt of the repayment in the creditor fund, a ledger account for "Advances In" will need to be established.

Budgetary Effects

An inter-fund cash advance does not directly affect the budgetary accounts of either the creditor or debtor funds when the advance is made or repaid. It merely is recorded in the cash journal to adjust the fund cash balances and in the ledger accounts to provide accountability. If, however, such an advance is not repaid at the end of the fiscal year, the altered cash balances must be taken into consideration in the preparation of the appropriation resolution.

When a cash advance is outstanding at the beginning of a fiscal year in which repayment is expected, the total resources available for expenditure in the creditor and debtor fund are misstated, as no provisions exists for the receipt of cash in the creditor fund or for the use of the debtor fund. To adjust for this, the unencumbered cash balance of the creditor fund must be increased by the amount of repayment expected during the succeeding fiscal year to produce the "carryover balance available for appropriation." Similarly, the unencumbered cash balance in the debtor fund must be reduced by the amount of repayment expected during the succeeding fiscal year to produce "carryover balance available for appropriation." This adjustment is made on the "certificate of the total amount from all sources available for expenditures, and balances" filed with the County Budget Commission pursuant to Section 5705.36 of the Revised Code.

Conversion to Transfer

If, after an advance is made, the taxing authority determines that the transaction should, in fact, be treated as a transfer, the following procedures should be followed:

1. The necessary formal procedures for approval of the transfer should be completed including, if necessary, approval of the commissioner of tax equalization and of the court of common pleas;
2. The transfer should be formally recorded on the records of the subdivision; and
3. The entries recording the cash advance should be reversed to, in effect, repay the advance with the proceeds of the transfer.

If you have any questions, please call the Local Government Services staff at (800) 345-2519.

We have updated the ORC references on pages 1 -- 7, but have not updated the legal guidance. Certain specific requirements have been amended and you should refer to an updated ORC. However, the accounting guidance on pages 8 - 13 and the appendices following page 13 still apply. Also see updated commissary guidance in Ohio Compliance Supplement Step 3-6.

**AUDITOR OF STATE BULLETIN 97-011
July 2, 1997**

TO: ALL COUNTY SHERIFFS
ALL BOARDS OF COUNTY COMMISSIONERS
ALL COUNTY AUDITORS
ALL COUNTY PROSECUTORS
ALL MUNICIPAL LEGISLATIVE AUTHORITIES
ALL CITY AUDITORS
ALL MUNICIPAL FINANCE DIRECTORS
ALL MUNICIPAL LEGAL COUNSEL
ALL MULTIJURISDICTIONAL CORRECTION FACILITIES
ALL INDEPENDENT PUBLIC ACCOUNTANTS

SUBJECT: ESTABLISHMENT OF CORRECTIONAL FACILITY COMMISSARIES/
COMMISSARY FUNDS AND REIMBURSEMENT OF PRISONER
CONFINEMENT COSTS

Sub. H.B. 480 was enacted by the 121st General Assembly to be effective October 16, 1996. This legislation expands the types of costs that a political subdivision can require prisoners in a local correctional facility to reimburse, as follows:

- Specifies additional types of costs that may be recovered under the reimbursement, including the cost of an offender's medical treatment.
- Specifies a method for determining the amount of the reimbursement, including the requirement of having a judicial "reimbursement hearing." As an alternative, a "prisoner reimbursement policy" could be established specifying the types of costs an offender must reimburse.
- Eliminates an overlap with provisions contained in the new felony sentencing mechanism enacted in Am. Sub. H.B. 2 of the 121st General Assembly that pertains to reimbursement by felons of the costs of their incarceration in a local correctional facility.
- Provides for the establishment of inmate commissaries and commissary funds in county and municipal correctional facilities. Since the bill also allows for the hiring of civilian correctional officers in county jails, these civilian correctional officers could be used to run the commissaries.
- Permits county jails to contract for food services, medical services, and other services necessary for the care and welfare of offenders.

- Clarifies how the sheriff’s “furtherance of justice fund” is to be calculated at the county level.

For the purpose of this bulletin, the analysis below addresses issues in the legislation that have a financial impact on the operation of a local correctional facility. For any additional provisions or changes, readers should refer to the Act form of Sub. H.B. 480.

Requirement of Reimbursement and Reimbursable Expenses: Ohio Rev. Code §§307.93(D), 341.14(B), 341.19(A), 341.23(C), 752.02(B), 753.04(B), 753.16(C), 2301.56(B), and 2947.19(B).

Prisoner Reimbursement in General

Sub. H.B. 480 provides for the reimbursement from prisoners confined in a correctional facility if they were convicted of an “offense,” including those convicted of minor misdemeanors. This bill, therefore, distinguishes the types of offenses for which a local government is permitted to seek reimbursement from those contained in the State’s new felony sentencing structure that was enacted in Am. S.B. 2 of the 121st General Assembly. Am. S.B. 2 permitted reimbursement of expenses only if the prisoner was convicted of a “misdemeanor other than a minor misdemeanor,” whereas this bill allows entities to seek reimbursement from offenders of all sentences.

Previously, the costs of confinement included, but were not limited to, food, clothing and shelter. This legislation adds the following to the list of expenses of confinement for which the legislative authority or board of the local correctional facility would be able to seek reimbursement (including but not limited to):

- Expenses relating to the provision of medical care;
- Personal hygiene products, including toothpaste, toothbrushes, and feminine hygiene items;
- Up to two hours or overtime costs the sheriff or municipal corporation incurred which relate to the offender’s criminal trial.

The amount of the reimbursement that can be sought by a local government may be the actual cost of the prisoner’s confinement plus authorized trial overtime costs. However, if the legislative authority or board of the local correctional facility determines that a lesser amount should be charged, then the amount would be determined by a formula established by the correctional facility. The legislation provides that the formula must be applied uniformly to all persons incarcerated at the particular correctional facility.

753.02

Determination and Recovery of Reimbursement for the Costs of Confinement: Ohio Rev. Code §§ 307.93(D)(2), 341.14(B)(2), 341.19(A)(2), 341.23(C)(2), ~~752.02(B)(2)~~, 753.04(B)(2), 753.16(C)(2), 2301.56(B)(2), and 2929.18(A)(4)(b)(ii).

Misdemeanant Reimbursement

2929.233 replaced
by 2929.28 & .37

For jurisdictions in which the legislative authority or board of the local correctional facility requires the offender convicted of a misdemeanor violation to reimburse the costs of confinement, the legislation revises the procedures for determining the amount that the offender must pay. In such a jurisdiction, the sentencing judge for the offender is required to hold a “reimbursement hearing” after the offender’s release from confinement. Ohio Rev. Code § ~~2929.223~~. If the sentencing judge is no longer sitting on the bench of the court, another judge may hold the hearing instead. At this hearing, the judge is required to determine both the cost of confinement amount to be reimbursed and the amount the offender has the ability to pay. In making this determination, the bill limits the amount that can be reimbursed for the cost of medical treatment ~~to a maximum of 40% of the cost of the medical expense~~ incurred by the correctional facility. The other costs of confinement can be reimbursed up to the actual cost incurred by the correctional facility unless a lesser amount is established pursuant to a formula that is established and used uniformly, as described above.

Once an amount is determined for which the offender is responsible for reimbursing the correctional facility, then the “reimbursement hearing” judge is required to issue a judgement against the offender. This judgment must:

- State the amount that the offender is required to reimburse;
- Include a payment schedule established by the judge for the reimbursement;
- State that the reimbursement must be made to the appropriate local government for the expenses incurred as a result of the offender’s confinement in the correctional facility.

If the payment schedule is not adhered to, the bill gives the legal counsel for the local government the authority to “execute upon” the judgment for the offender’s failure to reimburse the entity.

Any amount received as a reimbursement for the costs of confinement must be paid into the treasury to the credit of the fund out of which the costs were originally expended.

Felon Reimbursement

H.B. 480 requires the court that sentences an offender convicted of a felony to impose a financial sanction under the felony sentencing mechanism contained in S.B. 2 for the costs of confinement in a local correctional facility if the local legislative authority or board that operates a local correctional facility is authorized to and imposes a requirement to be reimbursed for such costs. In addition, the court is permitted to impose any other financial sanctions authorized under the sentencing mechanisms established in S.B. 2.

A legislative authority or board operating a local correctional facility that is authorized to seek reimbursement from offenders for the costs of their confinement may adopt a resolution or ordinance specifying that it will *not* seek reimbursement from an offender under the provisions of S.B. 2. If this resolution or ordinance is adopted, a copy must be provided to the common pleas court of the county. Once received, the sentencing court cannot require the offender to reimburse the local government for the costs of confinement, but could impose any other financial sanction under S.B. 2.

If the legislative authority or board of the local correctional facility is either not authorized to or is silent regarding the reimbursement of such costs as described in the preceding two paragraphs, the sentencing court still has the option to impose sanctions for reimbursement of the costs of confinement to the local government under S.B. 2.

Any amount received as a reimbursement for the costs of confinement must be paid into the treasury to the credit of the fund out of which the costs were originally expended.

Alternative Procedure - Administrative Reimbursement Determination: Ohio Rev. Code §§ 307.93(E), ~~341.06(A)~~, 341.14(C), 341.19(B), 341.23(D), 752.02(C), 753.04(C), 2301.56(C), and 2947.19(C).

341.06 was repealed.

The bill creates, as an alternative to the above-described procedures, an administrative mechanism for reimbursement of certain expenses if a “prisoner reimbursement policy” is adopted. (For certain facilities, the sheriff would also have to agree to the adoption of the policy.) The policy would require the offender to reimburse the local government that operates the facility for any expenses incurred as a result of the offender’s confinement. These expenses may include, but are not limited to, the following:

- A per diem fee for room and board for the entire time the offender is confined in the facility, which is the lesser of either the actual per diem cost or \$60 per day;
- Actual charges for medical and dental treatment;
- The cost of any correctional facility property damaged by the inmate while in confinement.

The rate that is charged under a “prisoner reimbursement policy” must be determined using a sliding scale based upon the offender’s ability to pay and the offender’s other legal obligations to support a spouse, minor children and/or other dependents.

The person in charge of the correctional facility (i.e., the sheriff of a county jail) can appoint a coordinator to implement and administer provisions of the prisoner reimbursement policy. The coordinator has the ability, under the provisions of the bill, to investigate the financial status of the offender, including obtaining information such as income tax records and contacting an offender’s employers.

The coordinator may collect amounts owed by an offender that are unpaid, or the legislative authority or board of the local correctional facility may enter into a contract with a public agency or private vendor to collect any unpaid amounts. Within one year of the offender’s release from confinement, the legal counsel for the local government can file a civil action for the unpaid amount still due the local government under the reimbursement policy. Any reimbursement received as a result of a civil action filed on the local government’s behalf should be credited to the entity’s general fund and may be used for any proper public purpose.

Requested Medical Treatment Fees and Non-indigent Offenders: Ohio Rev. Code §§ 307.93(F), ~~341.06(B)~~, 341.14(C), 341.19(B), 341.21(C), 341.23(E), 753.02(D), 753.04(D), 753.16(D), 2301.56(D), 2947.19(D).

In addition to the fees for medical services described above, if medical treatment or service is provided at the offender’s request, an offender can be charged a reasonable fee for the cost of providing the treatment or service. In order to charge a fee, however, the legislative authority or board of the local correctional facility must establish a policy to provide for the reimbursement of this type of expense.

The fee, if charged, cannot exceed the actual cost of the treatment or service provided and cannot be

341.06 has been repealed.

sought from indigent offenders. In addition, the fees collected for requested medical treatment or services must be paid into the facility's commissary fund if one has been established. If the facility has no commissary fund, the fees collected should be paid into the treasuries of the political subdivisions that incurred the expense of the treatment or service. For example, if a multijurisdictional board operates the facility and has no commissary fund, the fees would be allocated among the political subdivisions in the same proportion as the expenses were borne by them.

When a prisoner-requested medical treatment or service is provided, the payment of the required fee can be automatically deducted from the offender's account record that is maintained in the facility's business office. If there are no funds or insufficient funds in the offender's account, a deduction can be made at a later date during the offender's confinement if the funds become available. If an amount is still owed once the offender leaves confinement, the legislative authority or board of the local correctional facility may bill the offender for any unpaid balance.

County Jail Staff: Ohio Rev. Code §§ 341.05(A), (C), (D) and 341.20.

H.B. 480 enacts new staffing provisions which require the sheriff to assign sufficient staff to ensure the safe and secure operation of the county jail, but only to the extent that the staff can be provided with funds appropriated to the sheriff by the board of county commissioners. The compensation of all jail staff is to be paid from the county's general fund, upon the warrant of the auditor, in accordance with established county payroll procedures. The staff could include any of the following:

- A jail administrator;
- Jail officers, including civilian jail officers, to conduct security duties;
- Other necessary employees to assist in the operation of the jail.

County commissioners, with the consent of the sheriff, are authorized to contract with commercial providers for the provision of food services, medical services, and other programs and services necessary for the care and welfare of offenders placed in the sheriff's charge. In addition, the bill eliminates the requirement that the county commissioners provide quarters in the county jail for the use and convenience of female staff while on duty.

Commissaries and Commissary Funds: Ohio Rev. Code §§ 307.93(G), 341.24, 753.22, and 2301.57.

H.B. 480 enacts provisions allowing for the establishment of commissaries for county jails, municipal

and municipal-county workhouses, community-based correctional facilities, district community-based correctional facilities, and multicounty, municipal-county and multicounty-municipal correctional centers. The commissaries may be established, respectively, by a sheriff, the director of public safety or the joint board that administers a workhouse, the director of a community-based correctional facility or district community-based correctional facility, or the corrections commission of a multicounty, municipal-county, or multicounty-municipal correctional center.

A commissary can be established either in-house or by other arrangement. Once established, however, all persons incarcerated must be given commissary privileges. The purchases from the commissary would be deducted from the person's account record that is maintained in the business office of the facility. The commissary is required to provide for the distribution of necessary hygiene articles and writing materials to indigent persons incarcerated in the facility.

Once a commissary is established, a commissary fund must also be established. **H.B. 480 requires the management of funds in the commissary fund be strictly controlled in accordance with the procedures adopted by the Auditor of State. (See Appendix 1 and exhibits 1 through 6.)** Commissary fund revenue in excess of operating costs and reserves is considered profit. The bill provides that all commissary fund profits must be spent for the purchase of supplies and equipment (not services, however) for the benefit of those incarcerated. In addition, the bill specifies that the sheriff, director of public safety, joint board, director, or corrections commission must adopt rules and regulations for the operation of any commissary fund established.

Fees for Housing Prisoners from Adjoining Counties in the County Jail: Ohio Rev. Code § 341.14.

Prior to the enactment of H.B. 480, Ohio Rev. Code § 341.14 required the county sheriff to collect 50 cents per week for each person confined in the county jail from another county. In addition, if the person was released prior to the expiration of his/her jail term, any amount advanced to the county sheriff would need to be refunded. H.B. 480 abolishes the 50-cent-per-week fee and, instead, requires the weekly deposit of an amount equal to the actual cost of housing and feeding the person incarcerated from another county.

Sheriff's Furtherance of Justice Fund: Ohio Rev. Code § 325.071.

H.B. 480 clarifies that the state-provided supplemental compensation paid annually to the county sheriff pursuant to Ohio Rev. Code § 325.06(~~C~~) only, is not to be considered when calculating the

614.466.4717

614.752.8683

amount of county general fund money to be granted a county sheriff for the furtherance of justice fund.

Should you have any questions pertaining to this bulletin, please contact the Auditor of State's Local Government Services Division at ~~1-800-345-2519~~ or the Legal Division at ~~1-800-282-0370~~.

APPENDIX 1

COMMISSARY AND INMATE FUNDS ACCOUNTING POLICIES AND PROCEDURES

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.

Policy No. 1: The director of the correctional facility should adopt rules and regulations for the operation of any commissary fund that is established.

Procedure The director should consider several factors for the operation for the commissary such as the items to be offered; the days and hours of operation; the method by which the inmates will place orders and/or make their purchases; prices of commissary items; and times and dates family members and friends can make deposits into the inmate's account. Additionally, a definition of what constitutes an indigent inmate for commissary purposes should be provided in these rules and regulations.

Policy No. 2: In order to account for each inmate's money, both receipt and expenditure, an individual inmate account shall be established. (Exhibit 1).

Procedure (a) Money received for the inmate's account shall be recorded on duplicate receipts sequentially pre-numbered. One copy should be issued to the inmate or person giving money to the

credit of an inmate and one copy should be retained in the facility's file. The copies should be filed numerically. All money received to be credited to the inmates' accounts should be reconciled daily with duplicate receipts, postings to the inmate's ledger cards, and deposits.

Procedure (b) Moneys received for an inmate shall be posted on an individual inmate's ledger card or to an inmate's account maintained on a computer system. This money represents moneys taken at the time of incarceration and/or received after incarceration from friends or relatives.

Procedure (c) When purchases are made by the inmate, either for commodities or for medical expenses, the individual inmate's account shall be debited. A running balance shall be maintained on the inmate's individual account. Separate individual accounts shall be maintained for indigent inmates (Exhibit 2). The institution must provide indigent inmates in the institution necessary hygiene articles and writing materials.

Procedure (d) 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.

Policy No 3: Medical expenses requested by an inmate can be directly deducted from his/her commissary account if sufficient funds exist or become available during the inmate's period of imprisonment. If such deduction is made, a numbered billing should be completed with one copy provided to the inmate and one copy filed in the facility's files. Medical expenses that would be paid by the inmate should be defined in the institution's rules and regulations. If the inmate has no funds in his/her account, a deduction may be made at a later date during the inmate's confinement if funds later

become available in the inmate's account. If the inmate is released from the correctional facility and has an unpaid balance of these fees, the inmate may be billed for payment of the remaining unpaid fees.

Policy No. 4: An accounts receivable ledger shall be maintained to account for the cost of requested medical expenses when there is insufficient money in the inmate's individual account at the time the cost is incurred.

Procedure (a) When there is insufficient money in the inmate's account, a posting should be made reflecting the inmate's identification and amount of charges to the accounts receivable ledger (Exhibit 3). When collection is made, the ledger shall be posted as paid. Money collected in this manner shall be paid into the commissary fund representing a reimbursement of the expense paid from the commissary fund.

Procedure (b) When money is not available in the inmate's account at the time the medical expense is incurred, the individual account should reflect an entry of such incurred expense. Any negative balances should agree to the accounts receivable ledger.

Policy No. 5: Proper documentation shall be maintained on all sales to the inmates.

Procedure (a) Inmates will be provided with pre-numbered ordering forms. The ordering form shall list all products available to be purchased by the inmate.

Procedure (b) As orders are filled, one copy of the order form shall be returned to the inmate with his/her order, and one copy should be filed sequentially. A posting shall be made on the individual account card reflecting the order number and amount. An accounting of the sequentially numbered unused forms shall be made monthly.

Policy No. 6: Accounting for the activity of the inmate's monies shall be maintained in an inmate cash book established by the correction facility. (Exhibit 4).

Procedure (a) All moneys received for the inmates' accounts shall be deposited daily into a checking account established by the local correctional facility. Moneys received on weekends, or at times when banks are closed, shall be placed in the bank's night deposit box. If money is collected during periods when the institution does not have available personnel on duty to deposit the funds, such funds shall be placed in a sealed envelope together with the necessary information as to the amount of money and identification of the inmate. Such envelope shall be placed in a locked drawer until the next business day and then deposited by the designated person in charge of the commissary.

Procedure (b) A cash book shall be maintained showing daily receipts of money collected on behalf of the inmates, checks written to the commissary fund representing sales of merchandise or medical services, and upon release of the inmate, the checks written for the balance of the account drawn payable to the inmate. The cash book shall be balanced monthly with the depository account and reviewed by a person other than the person who makes the deposits and/or maintains the cash book. In addition, the cash book shall be reconciled with the individual inmate accounts and to the accounts receivable ledger on a monthly basis (see example in Exhibit 5).

Policy No. 7: The correctional facility shall maintain a monthly inventory record (Exhibit 6).

Procedure An inventory record shall be maintained of the merchandise in the commissary. Such record shall show the total dollar value of merchandise on hand at the beginning of each month, merchandise

purchased during the month, and merchandise used during the month. Merchandise used during the month may be calculated using completed order forms or estimated by reducing receipts for the month by the amount of any mark-up that has been added to the cost to create the selling price. These figures are then used to calculate the value of the merchandise that should be on hand at the end of the month. A physical inventory shall be taken at the end of each month, priced using the latest cost and compared to the amount calculated on the inventory record for reasonableness. The inventory record should be adjusted monthly to the physical inventory count. Significant monthly adjustments should be investigated and approved by a supervisor.

Policy No. 8: A commissary fund shall be established for the accounting of moneys received from sales to inmates, purchasing of merchandise, and payments for inmate medical expenses. This fund shall be established as a special revenue fund on the books of the fiscal officer. Budgetary procedures pertaining to this fund would be as follows:

Procedure (a) Money received from the inmate fund shall be posted to the official accounting records under the classifications "Sales", "Medical" or "Other." Monthly, a pay-in shall be made to the fiscal officer of the correctional facility to the credit of the commissary fund.

Procedure (b) A financial statement shall be generated monthly, showing total amount received, total amount expended for the month and balance in the fund year to date.

Policy No. 9: Profits from the commissary fund shall be spent in accordance with the provisions of Substitute House Bill No. 480.

Procedure (a) Profits may be determined on a monthly, quarterly, or annual basis and in determining such profits, the correctional facility must consider the following steps. (The salary of the person maintaining the commissary cannot be paid from the commissary account; however, if provided for in the policy and procedures established by the institution, an administrative fee may be charged to the commissary fund in determining profits.)

To determine profit, take the cash balance and deduct unpaid fees, reserve and add the ending inventory. This will provide the amount of profit which would represent the amount available for expenditures for the benefit of the inmates.

Procedure (b) All profits from the commissary fund shall be used to purchase supplies and equipment for the benefit of persons incarcerated in the correctional facility.

Procedure (c) The amount of the reserve shall not exceed 30 days of operating costs of the commissary fund.

INDIVIDUAL INMATE ACCOUNT FOR : LARRY KING
For 1997

Exhibit 1

Inmate No. 1002

Date	From Whom Received/ To Whom Paid	Receipt Number	Order Number	Debit	Credit	Accounts Payable to Commissary Fund	Balance
01/01/97							\$0.00
01/01/97	Mary Valentine	1243			\$50.00		\$50.00
01/02/97	Purchases		542	\$10.00			\$40.00
01/05/97	Medical Expenses		548	\$20.00			\$20.00
01/15/97	Medical Expenses		587	\$20.00		\$10.00	(\$10.00)
01/25/97	Mary Valentine	1260			\$50.00		\$40.00
01/25/97	Medical Expenses - A/P			\$10.00		(\$10.00)	\$40.00
<hr/>							
	Total			\$60.00	\$100.00	\$0.00	\$40.00
	Balance as of 12/31/97						\$40.00

**INDIVIDUAL INMATE ACCOUNT FOR : INDIGENT INMATE
For 1997**

Exhibit 2

Inmate No.

Date	From Whom Received/ To Whom Paid	Receipt Number	Order Number	Debit	Credit	Balance
						\$0.00
01/03/97	Memo-Toothpaste		545	\$5.00		(\$5.00)
01/12/97	Memo-Notebooks		565	\$7.00		(\$12.00)
01/15/97	Memo-Deodorant		575	\$6.00		(\$18.00)
01/22/97	Memo-Shampoo		589	\$8.00		(\$26.00)
<hr/>						
	Total			\$26.00	\$0.00	(\$26.00)
	Balance as of 12/31/97					(\$26.00)

**ACCOUNTS RECEIVABLE LEDGER
FOR 1997**

Exhibit 3

Date	Inmate Number	Purpose	Insufficient Fund Amount - A/R	Debit	Credit	Cumulative Balance
01/10/97	1097	Medical Expense	(\$25.00)	\$25.00		(\$25.00)
01/15/97	1002	Medical Expense	(\$10.00)	\$10.00		(\$35.00)
01/25/97	1002	Medical Expense - Reimburse	\$10.00		\$10.00	(\$25.00)
		Total Balance as of 12/31/97	(\$25.00)	\$35.00	\$10.00	

INMATE CASHBOOK

Receipts

Exhibit 4

												COMMISSARY FUND	
Date	Inmate Number	From Whom Received	Purpose	Receipt Number	Cash Received	Deposit Received	Deposits Applied	Purchases/Sales	Medical	Refund upon Release	Insufficient Funds - A/R		
01/01/97	1002	Mary Valentine		1243	\$50.00	\$50.00							
01/02/97	1002		Purchases				\$10.00	\$10.00					
01/04/97	1085	John Shaw		1249	\$100.00	\$100.00							
01/05/97	1002		Medical Expense				\$20.00		\$20.00				
01/10/97	1097		Medical Expense				\$25.00				\$25.00		
01/15/97	1002		Medical Expense				\$20.00		\$20.00		\$10.00		
01/21/97	1075	Ginger Hill		1252	\$75.00	\$75.00							
01/25/97	1002	Mary Valentine		1260	\$50.00	\$50.00							
01/25/97	1002		Medical Expense - A/R				\$10.00		\$10.00		(\$10.00)		
Totals					\$275.00	\$275.00	\$85.00	\$10.00	\$50.00	\$0.00	\$25.00		
Less Deposits Applied (Spent)							(\$85.00)	(\$10.00)	(\$50.00)	\$0.00	(\$25.00)		
Cash Balance 1/31/97						\$190.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Month to Date Receipts					\$275.00								
Year to Date Receipts					\$275.00								
Balance 12/31/96					\$0.00								
Current month's receipts					\$275.00								
Current month's disbursements*					(\$85.00)								
Cash Balance 1/31/97					\$190.00								
*see Cash Disbursements Ledger													

INMATE CASHBOOK
Disbursements

Exhibit 4 (cont'd)

Date	Inmate Number	To Whom Paid	Purpose	Check Number	Invoice Number	Amount Paid	Commissary Fund	Refund Upon Release	Accounts Payable To Commissary Fund
01/31/97		County Treasurer	Sales and Medical	4875	12495	\$85.00	\$60.00		\$25.00
Current Month Disbursements						\$85.00	\$60.00	\$0.00	\$25.00
Year-to-Date Total Disbursements						(\$85.00)	(\$60.00)	\$0.00	(\$25.00)

**DEPOSITS RECEIVED RECONCILIATION
FOR JANUARY 1997**

Exhibit 5

Inmate Account Balances \$190.00
Deposits Received Balance \$190.00

Inmate Number	Account Balance
1002	\$40.00
1085	\$100.00
1097	(\$25.00)
1075	\$75.00
Total	\$190.00

**BANK RECONCILIATION
FOR JANUARY 1997**

Inmate Cashbook Balance \$190.00
Outstanding Checks \$85.00
Bank Balance \$275.00

AUDITOR OF STATE BULLETIN 97-014
August 12, 1997

TO: All County Prosecutors
All County Auditors
All County Sheriffs
All County Commissioners
All Independent Public Accountants

SUBJECT: Furtherance of Justice Fund

INTRODUCTION

Recently, the Auditor of State has received numerous inquiries regarding certain expenditures of Furtherance of Justice (F.O.J.) funds statutorily provided to county prosecutors and county sheriffs. In 1981, the Auditor of State's Office published Auditor of State Circular No. 81-7 which established guidelines regarding the proper use of F.O.J. funds. The information contained in Circular No. 81-7 is still applicable to the use of these funds and should be adhered to by county prosecutors and county sheriffs.

The following is a brief restatement of Circular No. 81-7 and some additional information regarding accounting for F.O.J. funds.

ALLOWANCE FOR F.O.J. FUNDS

In addition to other sources of funding, pursuant to Ohio Rev. Code §§ 325.12 and 325.071, a county prosecutor and county sheriff must be allowed, annually, an amount equal to one-half the officer's salary. This amount is commonly known as the F.O.J. Fund. This allowance is made upon order of the officer to be paid out of the General Fund in an amount not to exceed one-half of the officer's official salary. The officer may not receive this amount unless the officer gives bond in an amount not less than the officer's official salary. Once bond is given, the officer is entitled to the funds without further approval by the county commissioners.

Subject to two exceptions discussed below, the dollar amount provided to the F.O.J. fund is fixed by statute and may not be increased by any means. Donations to the F.O.J. fund are not permitted nor may additional funding be provided at the request of the county officer, even with the approval of the county commissioners. Furthermore, funds may not be transferred into the F.O.J. fund from

another fund, nor may F.O.J. funds be expended and then reimbursed at a later date except in an emergency situation as described in the next section of this bulletin. The amount equal to one-half the officer's official salary is a not-to-exceed amount and additional funding above the statutory limit will be subject to a finding for adjustment in favor of the proper fund by the Auditor of State.

There are two exceptions to the above. The first is the allowance to county prosecutors provided by Ohio Rev. Code § 325.13. This section allows county prosecutors to appeal to the Common Pleas Court for an amount not to exceed \$10,000 for the investigation and prosecution of criminal activities if F.O.J. funds are insufficient. The funds provided under Ohio Rev. Code § 325.13 are to be expended in the same manner as those funds provided under Ohio Rev. Code § 325.12.

The second exception is the authority of a Court, by statute, to distribute a fine or a portion of a fine by any method or on any term as the Court so chooses. In this situation, a Court may order a fine to be paid into a county prosecutor's or county sheriff's F.O.J. Fund. For this distribution to be permissible, a Court Order is required.

PERMISSIBLE EXPENDITURES OF F.O.J. FUNDS

F.O.J. funds may be used for expenses incurred in performance of the officer's official duties and in the furtherance of justice. Thus, the expenditure must be both in the performance of the officer's official duties and in the furtherance of justice to be allowable. While this allows for broad discretion and the Auditor of State will not ordinarily substitute its judgment for that of the officer, there is always the additional requirement that the expenditure must be for a proper public purpose.

In order to further assist the county prosecutor and county sheriff in their determination of whether an expenditure from the F.O.J. fund is proper, the following is a list of expenses using F.O.J. funds that have been determined to be allowable:

1. Mileage on a personal car when the car is used for official business. 1933 Op. Att'y Gen. No. 1687.
2. Medical experts to be used either before trial or to testify at trial. 1938 Op. Att'y Gen. No. 2124.
3. Membership dues only if directly related to the performance of the officer's official duties. 1938 Op. Att'y Gen. No. 2959.
4. The purchase of law books. 1939 Op. Att'y Gen. No. 1038.
5. To pay for an extra stenographer needed because of an unusually high case load. 1939 Op. Att'y Gen. No. 1038.

6. The payment of witness expenses which includes board and lodging. 1946 Op. Att’y Gen. No. 1277.
7. To pay for the costs of foreclosure proceedings. 1972 Op. Att’y Gen. No. 72-122.
8. Payment for the costs of obtaining municipal court transcripts. 1976 Op. Att’y Gen. No. 76-069.
9. To pay for the repair of private vehicles used in an emergency rescue operation. 1979 Op. Att’y Gen. No. 79-027.
10. To pay for meals, mementos and retirement gifts. 1982 Op. Att’y Gen. No. 82-006, and 1988 Op. Att’y Gen. No. 88-100.
11. Payment to settle a claim. Stokes v. St. Paul Fire and Marine Insurance Company, 35 Ohio App. 3d 97 (1987).
12. To pay for office equipment. 1988 Op. Att’y Gen. No. 88-100.

The F.O.J. fund is to be used for any purpose the officer, in his judgment, feels is an expense in the performance of his official duties and in the furtherance of justice. However, the board of county commissioners is statutorily authorized to make monetary allowances to be used for the payment of certain expenses. As discussed in Circular No. 81-7, if such an allowance has been made and funds are available, appropriated and unencumbered, the officer must first use these monies before using F.O.J. funds. If, however, the funds in the allowance made by the county commissioners have been exhausted or are already encumbered, F.O.J. funds may be used as payment for the expense.

As an exception to the above, if a situation arises in which monies are needed immediately and the usual procedure for obtaining prior appropriated and unencumbered monies is too time consuming, the expenditure may be made from the F.O.J. fund. The expenditure may be reimbursed from the normal appropriation account at a later date if monies are still available and unencumbered. The reimbursement expenditure from the normal appropriation account is subject to the requirements of Ohio Rev. Code § 5705.41.

Please note that the F.O.J. fund may never be used to circumvent compliance with competitive bidding requirements or prevailing wage laws.

CONFIDENTIALITY ISSUES

Auditor of State Circular No. 81-7 acknowledges the fact that county prosecutors and county sheriffs need to use F.O.J funds for confidential expenditures. However, Circular 81-7 also recognizes the public purpose need to document these expenditures and establishes methods for such documentation.

Circular No. 81-7 also allows an exception to the above. The documentation requirements do not apply in those situations where it is determined that maintenance of the required documentation would increase the risk of danger of physical harm or intimidation or would frustrate the purpose for which the confidential expenditure is made. It is within the county prosecutor or county sheriff's exercise of reasonable discretion to determine whether this exception applies. A necessary requirement to this exception is an affidavit executed by the officer setting forth the amount of the expenditure and either the check number or the receipt number related to the expenditure as well as a statement of a general nature of the expenditure. If such an affidavit is executed, the Auditor of State will not require production of the actual check or receipt and will not make any further inquiry into the detail surrounding the expenditure unless there is probable cause to believe that the affidavit is false. If no affidavit is executed, the officer must produce sufficient documentation to support that the expenditure is for a proper public purpose. Please note that a mere assertion by the officer that an expenditure is confidential is not sufficient to negate the documentation requirements.

ACCOUNTING FORMS

For your information, attached are examples of a general cash book detailing expenses from the F.O.J. fund and a bank reconciliation. Lastly, attached is an updated form to be used for the Furtherance of Justice Annual report.

If you have any questions or if you need a copy of Auditor of State Circular No. 81-7, please call the Auditor of State's Legal Division at 1-800-282-0370.

GENERAL CASHBOOK

FURTHERANCE OF JUSTICE FUND

DATE	DESCRIPTION	RECEIPT NUMBER	CHECK NUMBER	VARIOUS EXPENDITURES				CREDIT	BALANCE
				NARCOTICS & VICE ACTIVITY	PURCHASE OF STOLEN PROPERTY	CANINE EXPENSES	OTHER		
01/01/97	INITIAL DEPOSIT			\$0	\$0	\$0	\$0	\$15,000	\$15,000
01/31/97	MTD TOTALS			0	0	0	0	15,000	15,000
01/31/97	YTD TOTALS			0	0	0	0	15,000	15,000
02/19/97	SGT. GREEN - STOLEN PROPERTY PURCHASE		1072	0	250	0	0		14,750
02/21/97	SGT. GREEN - UNEXPENDED MONEY FROM PROPERTY PURCHASE	110		0	(25)	0	0		14,775
02/28/97	MTD TOTALS			0	225	0	0	\$0.00	225
02/28/97	YTD TOTALS			0	225	0	0	15,000	\$14,775
03/19/97	SGT. CLARK - DRUG BUY		1073	150	0	0	0		14,625
03/20/97	SGT. TRUE - DRUG BUY		1074	255	0	0	0		14,370
03/24/97	SGT. TRUE - UNEXPENDED MONEY FROM DRUG BUY	111		(20)	0	0	0		14,390
03/31/97	MTD TOTALS			385	0	0	0	\$0.00	385
03/31/97	YTD TOTALS			385	225	0	0	15,000	14,390
04/05/97	SGT.FLAKE - STOLEN PROPERTY PURCHASE		1075	0	500	0	0		13,890
04/23/97	CAPT. BLACK - STOLEN PROPERTY PURCHASE		1076	0	1,000	0	0		12,890
04/30/97	SGT. STAKE - DRUG BUY		1077	5,000	0	0	0		7,890
04/30/97	MTD TOTALS			5,000	1,500	0	0	\$0.00	6,500
04/30/97	YTD TOTALS			5,385	1,725	0	0	15,000	7,890
05/02/97	SGT. FLAKE - UNEXPENDED MONEY FROM PROPERTY PURCHASE	112		0	(350)	0	0	\$0.00	8,240
05/06/97	SGT. GREEN - DRUG BUY		1078	2,000	0	0	0		6,240
05/31/97	MTD TOTALS			2,000	(350)	0	0	\$0.00	1,650
05/31/97	YTD TOTALS			7,385	1,375	0	0	15,000	6,240
09/01/97	CAPT. BLACK - STOLEN PROPERTY PURCHASE		1079	0	500	0	0		5,740
09/13/97	CAPT. BLACK - UNEXPENDED MONEY FROM DRUG BUY	113		0	(10)	0	0		5,750
09/30/97	MTD TOTALS			0	490	0	0		490
09/30/97	YTD TOTALS			7,385	1,865	0	0	15,000	5,750
12/18/97	CAPT. BLACK - DRUG BUY		1080	3,000	0	0	0		2,750
12/20/97	CAPT. BLACE - UNEXPENDED MONEY FROM DRUG BUY	114		(40)	0	0	0		2,790
12/31/97	MTD TOTALS			2,960	0	0	0		2,960
12/31/97	YTD TOTALS			10,345	1,865	0	0	15,000	2,790
12/31/97	COUNTY TREASURY - RETURN BALANCE TO ZERO		1081	0	0	0	0	-2790	0

NOTE: This example is to be used for the Individual and the Combined Cashbook Systems.

**SAMPLE BANK RECONCILIATION
FOR JANUARY 1997**

Ending Bank Balance Per F.O.J. Fund	\$ 2,790.00	
Total Depository Balance	----- \$2,790.00	
Less - O/S Checks	2,790.00	
Adjusted Bank Balance	----- <u>0.00</u>	
Cashbook Balance as of 1/31/97		<u>\$ 00.00</u>

**FURTHERANCE OF JUSTICE ANNUAL REPORT
COUNTY SHERIFF'S OFFICE**

Description	Actual Receipts	Actual Expenditures
Receipts:		
1996 Allocation	\$15,000	
Reimbursements from General Fund	0	
Expenditures:		
Narcotics and Vice Activity		10,345
Stolen Property Purchases		1,865
Canine Expenses		0
Other		0
Totals	\$15,000	\$12,210
Total Due To County Treasury	<u>\$2,790</u>	

Auditor of State Bulletin 97-019
December 24, 1997

TO: ALL COMMON PLEAS COURTS
ALL COUNTY COURTS
ALL JUVENILE COURTS
ALL MAYORS COURTS
ALL MUNICIPAL COURTS
ALL PROBATE COURTS
ALL CLERKS OF COMMON PLEAS COURTS
ALL CLERKS OF COUNTY COURTS
ALL CLERKS OF JUVENILE COURTS
ALL CLERKS OF MAYORS COURTS
ALL CLERKS OF MUNICIPAL COURTS
ALL CLERKS OF PROBATE COURTS
ALL CITY AUDITORS AND FISCAL OFFICERS
ALL COUNTY AUDITORS
ALL INDEPENDENT PUBLIC ACCOUNTANTS

SUBJECT: COMPUTERIZATION OF THE COURT AND CLERK OF COURT'S FEES

Introduction

Common Pleas, County, and Municipal Courts are given the authority to assess additional fees on the filings of certain causes of action to be used for the computerization of the court and the clerk of court's office. Shortly after Ohio law was changed to permit the assessment of these fees, the Auditor of State's Office published MAS Bulletin 93-02, which gives guidance on the accounting treatment for the fees collected and provides examples of the types of expenditures that are permitted. The information contained in MAS Bulletin 93-02 is still applicable to the use of these funds and should be adhered to by the courts and by city fiscal officers and county auditors. The purpose of this bulletin is to expand on the guidance given in MAS Bulletin 93-02.

Assessment of Fees for Computerization

The authority to charge additional fees to computerize either the court itself or the clerk of the court's office is derived from the language of Ohio Rev. Code § 2303.201 for common pleas courts, § 1907.261 for county courts, and § 1901.261 for municipal courts. While there is no provision in Ohio Rev. Code Ch. 1905 that explicitly establishes a mayor's court computerization fund similar to Ohio Rev. Code §§ 1901.261 and 1907.261, it is the Auditor of State's opinion that the mayor's courts are also able to establish a computer fund. The language in Ohio Rev. Code § 1905.02 states that the provisions of Ohio Rev. Code Ch. 1907 are applicable in municipal corporations in which the mayor's court is located within the jurisdiction of a county court. If, however, the mayor's court is within the jurisdiction of a municipal court, then based upon the language of Ohio Rev. Code § 1901.261, the municipality should submit a written request to our Office's Local Government Services Division to establish a Mayor's Court Computerization Fund

Now increased to \$6 for common pleas courts.

pursuant to Ohio Rev. Code § 5705.12.

These Code provisions state that the court can authorize and direct the clerk of its court to charge an additional fee for the causes of action listed in Ohio Rev. Code § 2303.20 (A), (Q), or (U), if it determines that additional funds are necessary to computerize the operations of the court. See Ohio Rev. Code §§ 2303.201(A)(1), 1907.261(A)(1), and 1901.261(A)(1). The fee charged to computerize the operations of the court cannot exceed \$3, and the amount selected must be placed in a special revenue fund of the city or county.

Except \$20 for common pleas courts.

In addition to assessing fees to computerize the operations of the court, the court may determine that additional funds are necessary to computerize the office of the clerk of its court. If such a determination is made, then the court can direct the clerk of court to charge an additional fee which must not exceed \$10 for the causes of actions listed in Ohio Rev. Code § 2303.20(A), (P), (Q), (T) and (U). See Ohio Rev. Code §§ 2303.201(B)(1), 1907.261(B)(1) and 1901.261(B)(1). Unless the legislative authority has issued general obligation bonds for the purchase and maintenance of a computer system for the clerk of court's office, the funds collected to computerize the clerk of court's office must be distributed to the credit of the special revenue fund of the city or county which has been established for the receipt of these funds. If, however, the legislative authority has issued general obligation bonds for computerization of the office of the clerk of court, the funds collected could then be expended to pay debt charges and financing costs related to the bond issuance. See Ohio Rev. Code §§ 2303.201(B)(2), 1907.261(B)(2), and 1901.261(B)(2).

Except \$6 for common pleas courts.

Permissible Expenditures of Computerization Fees

Except \$20 for common pleas courts.

The fee assessed for the computerization of the courts pursuant to division A(1), which must not exceed \$3 per filing, may be used for the computerization of any aspect of the court, including the acquisition and maintenance of legal research software and hardware for court personnel. The fee, not to exceed \$10 per filing, that is charged pursuant to division (B)(1), may be used only for the computerization of the clerk of court's office. The Code provisions establishing the authority to assess fees for computerization costs distinguish the fees that may be charged for the clerk of court's office from the fees that may be charged to computerize the court itself; as such, fees charged pursuant to (B)(1) to computerize the clerk of court's office are not permitted to be used for computerization of the court in general. For this reason, it is advisable that, when judgment entries are issued by the court to expend funds for computerization purposes, it be made clear in the judgment entry from which source of revenue the court desires to expend the funds.

As discussed in MAS Bulletin 93-02, the following areas are considered appropriate expenditures for computerization purposes: computer space; computer electrical; computer air-conditioning; computer furniture; computer hardware; computer software; subscriptions to computer services; staff expenses related to operating the computer system, including fringe benefits; computer supplies, for example computer paper, diskettes, etc.; training expenses; maintenance of equipment as well as computer needs studies. It is important to note that this list should be used as a guide for the court to determine if the expenditure would be considered appropriate for computerization purposes and should by no means be considered exhaustive.

If you have any questions or if you require a copy of MAS Bulletin 93-02, please contact the Auditor of State's Legal Division at 1-800-282-0370.