



**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDING JUNE 30, 2009 AND 2010



Dave Yost • Auditor of State

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Funds - For the Year Ended June 30, 2010.....	6
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Funds - For the Year Ended June 30, 2009.....	8
Notes to the Financial Statements	10
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 Prior Audit Findings	17

This page intentionally left blank.



Dave Yost • Auditor of State

Northwest Community Corrections Center
Wood County
1740 East Gypsy Lane
Bowling Green, Ohio 43402-9081

To the Members of the Judicial Advisory Board and Facility Governing Board:

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 the Ohio Department of Rehabilitations and Corrections (ODRC) does not 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 ODRC prescribes or permits.

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

Dave Yost
Auditor of State

January 18, 2011

One Government Center / Suite 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484

www.auditor.state.oh.us

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Northwest Community Corrections Center
Wood County
1740 East Gypsy Lane
Bowling Green, Ohio 43402-9081

To the Members of the Judicial Advisory Board and Facility Governing Board:

We have audited the accompanying financial statements of Northwest Community Corrections Center, Wood County, (the Facility) as of and for the years ended June 30, 2010 and 2009. These financial statements are the responsibility of the Facility'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 Facility 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 GAAP, we presume they are material.

While the Facility does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Facility 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 Facility as of June 30, 2010 and 2009 or its changes in financial position for the years then ended.

One Government Center / Suite 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances and unpaid obligations of Northwest Community Corrections Center, Wood County, 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 Facility 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 January 18, 2011, on our consideration of the Facility'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 initial "D".

Dave Yost
Auditor of State

January 18, 2011

This page intentionally left blank.

OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
COMMUNITY BASED CORRECTIONAL FACILITY
NAME OF FACILITY: NORTHWEST COMMUNITY CORRECTIONS CENTER

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES FOR THE PERIOD ENDED JUNE 30 2010**

	<u>State Appropriations and Grants</u>			
	ODRC 501-501	Title I Grant	ABLE Grant	Capital CAP 003
Cash Receipts:				
Intergovernmental	\$ 1,916,904	\$ 20,596	\$ 41,376	\$ 47,993
Receipts for offenders				
Sales				
Other				
Room and Board				
Commissions				
Reimbursement	206,182			
Transfer In/Out				
	<u>2,123,086</u>	<u>20,596</u>	<u>41,376</u>	<u>47,993</u>
Total Cash Receipts	<u>2,123,086</u>	<u>20,596</u>	<u>41,376</u>	<u>47,993</u>
Cash Disbursements:				
Personnel	1,231,699	2,429	905	
Operating costs	498,904			
Program costs	125,791			
Equipment	67,658			
Capital project				47,993
Offender Disbursements:				
Offender legal obligations				
Offender reimbursements				
Other				
Offender spending				
Offender savings paid at exit				
	<u>1,924,052</u>	<u>2,429</u>	<u>905</u>	<u>47,993</u>
Total Cash Disbursements	<u>1,924,052</u>	<u>2,429</u>	<u>905</u>	<u>47,993</u>
Disbursements from prior FY (Including refund to ODRC)	<u>62,910</u>			
Total Receipts Over/(Under) Disbursements	<u>136,124</u>	<u>18,167</u>	<u>40,471</u>	
Fund Cash Balances, July 1, 2009	<u>269,452</u>	<u>28,567</u>	<u>37,078</u>	
Fund Cash Balances, June 30, 2010	<u>\$ 405,576</u>	<u>\$ 46,734</u>	<u>\$ 77,549</u>	
Unpaid Obligations/Open Purchase Orders	<u>\$ 235,991</u>			

Offender Funds

Resident Fund	Work Industry	Center Fund	Totals
		\$ 19,761	\$ 2,046,630
55,744			55,744
	250,257		250,257
		3,985	3,985
		26,432	26,432
		13,024	13,024
		80,137	286,319
<u>21,318</u>	<u>(21,318)</u>		
<u>77,062</u>	<u>228,939</u>	<u>143,339</u>	<u>2,682,391</u>
			1,235,033
	228,939	131,273	859,116
		29,943	155,734
		3,616	71,274
			47,993
54,854			54,854
1,310			1,310
943			943
<u>23,691</u>			<u>23,691</u>
<u>80,798</u>	<u>228,939</u>	<u>164,832</u>	<u>2,449,948</u>
			<u>62,910</u>
<u>(3,736)</u>		<u>(21,493)</u>	<u>169,533</u>
<u>20,082</u>		<u>168,416</u>	<u>523,595</u>
<u>\$ 16,346</u>		<u>\$ 146,923</u>	<u>\$ 693,128</u>

OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
COMMUNITY BASED CORRECTIONAL FACILITY
NAME OF FACILITY: NORTHWEST COMMUNITY CORRECTIONS CENTER

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES FOR THE PERIOD ENDED JUNE 30, 2009**

	State Appropriations and Grants		
	ODRC 501-501	Title I Grant	ABLE Grant
Cash Receipts:			
Intergovernmental	\$ 1,783,404	\$ 24,922	\$ 43,458
Receipts for offenders			
Sales			
Other			
Room and Board			
Commissions			
Reimbursement	193,419		
Transfer In/Out	(4,787)	4,787	
Total Cash Receipts	1,972,036	29,709	43,458
Cash Disbursements:			
Personnel	1,236,795	3,432	15,027
Operating costs	493,481		
Program costs	129,387		
Equipment	55,989	2,300	
Capital project			
Offender Disbursements:			
Offender legal obligations			
Offender reimbursements			
Offender spending			
Other			
Offender savings paid at exit			
Total Cash Disbursements	1,915,652	5,732	15,027
Disbursements from prior FY (Including refund to ODRC)	133,337		
Total Receipts Over/(Under) Disbursements	(76,953)	23,977	28,431
Fund Cash Balances, July 1, 2008	346,405	4,590	8,647
Fund Cash Balances, June 30, 2009	\$ 269,452	\$ 28,567	\$ 37,078
Unpaid Obligations/Open Purchase Orders	\$ 62,910		

Offender Funds

Resident Fund	Work Industry	Center Fund	Totals
		\$ 15,687	\$ 1,867,471
63,283			63,283
	170,026		170,026
		1,858	1,858
		15,548	15,548
		11,546	11,546
		109,357	302,776
19,144	(19,144)		
82,427	150,882	153,996	2,432,508
			1,255,254
	178,478	118,680	790,639
		3,690	133,077
		9,677	67,966
20			20
1,627			1,627
1,953			1,953
68,369			68,369
13,772			13,772
85,741	178,478	132,047	2,332,677
			133,337
(3,314)	(27,596)	21,949	(33,506)
23,396	27,596	146,467	557,101
\$ 20,082		\$ 168,416	\$ 523,595

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Northwest Community Corrections Center (the Facility) provides an alternative to prison incarceration for felony offenders. The Facility is the last step in the continuum of increasing punishment before prison incarceration. The Facility is a minimum security operation housing approximately 63 offenders. A Facilities Governing Board oversees the Facility's operations. Common pleas judges from the Counties the Facility serves comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facility Governing Board and advises the Facilities Governing Board regarding Facility matters. The Board includes at least one common pleas court judge from each county the Facility serves. The Facility serves the following counties:

Wood	Fulton County	Williams County
Defiance County	Henry County	

For the years ended June 30, 2010 and 2009, the financial statements present all funds related to the Facility.

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 Facility recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

C. Deposits

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

D. Fund Accounting

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

State Appropriations and Grants

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

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

Federal: Reports amounts received from the Federal government, including amounts passed through ODRC. The Facility received ABLE and Title I funding for contracting instructors and specialist to aid in the education and rehabilitation of offenders. The activity of these funds is reported separately on the accompanying financial statements.

Capital CAP 003: Reports amounts received from the ODRC to finance all or part of the cost of the renovating or building facilities.

Offender Funds

Resident Fund: Are amounts the Facility receives and holds in a custodial capacity for each offender while confined. The Facility holds personal funds, including salaries offenders earn while confined, and maintains separate balances for each offender. The Facility makes payments as directed by the offender or per program requirements. Upon release, the Facility pays remaining funds to the offender.

Center Fund: This fund receives other Offender Funds, such as National School Lunch program grant funds, telephone and commissary commissions, and per diem rates charged to employed offenders. This fund pays for programs and services benefiting offenders, such as food service and indigent offenders' supplies and entertainment. The Resident Fund reimburses this Fund for costs chargeable to Offender Funds.

Work Industry Fund: Are amounts the Facility receives from transitional work sites for services provided to companies by the residents. Amounts collected are used to pay the residents their wages for the services they perform and to pay for the general operations of the Work Industry including the salaries and benefits for the employees.

E. Budgetary Process

1. Appropriations

The Facility 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 Facility cannot spend or obligate (i.e., encumber) more than the appropriation. Facilities must obtain approval from ODRC to transfer amounts between budget categories.

2. Encumbrances

Disbursements from State appropriations and Grants are subject to Wood County's payment approval process. The County Auditor must approve (i.e., certify and encumber) certain payments when the Facility commits to make a payment. The budgetary disbursement amounts reported in Note 2 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts not liquidated within 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.

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

The Facility records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these acquisitions 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		
Budget	Budgetary Expenditures	Variance
\$1,916,904	\$1,680,913	\$235,991

2009 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,783,404	\$1,720,494	\$62,910

3. Collateral on Deposits and Investments

Grants and State Appropriations

The County Treasurer is responsible for collateralizing deposits and investments for grants and State appropriations the County holds as custodian for the Facility.

OFFENDER FUNDS

Deposits

The Facility has Federal Deposit Insurance Corporation coverage of \$250,000 for Offender Funds. There were no uncollateralized amounts at June 30, 2010 and 2009.

4. Refund To ODRC

The agreement between the County and ODRC permits the Facility to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Facility 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 Facility refunds amounts computed below in the fiscal year

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

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

4. Refund To ODRC (Continued)

following the computation below.

Refund to ODRC		
	2010	2009
Cash, July 1	\$269,452	\$346,405
Disbursements Against Prior Year Budget	(62,910)	(69,636)
Payable to ODRC, July 1	(64,451)	(63,701)
Sub-Total	142,091	213,068
501 Cash Receipts	1,916,904	1,783,404
Budgetary Basis Disbursements	(1,916,904)	(1,783,404)
Amount Subject to Refund, June 30	142,091	213,068
One-Twelfth of 501 Award	(159,742)	(148,617)
Refundable to ODRC	\$64,451	\$64,451

Calculation of Payable to ODRC		
	2010	2009
Payable, July 1	\$64,451	\$63,701
Cash Refunded		(63,701)
Refundable to ODRC, June 30		64,451
Payable, June 30	\$64,451	\$64,451

5. Retirement System

The Facility'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 Facility contributed an amount equaling 14 percent of participants' gross salaries. The Facility has paid all contributions required through June 30, 2010.

6. Risk Management

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- 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

Northwest Community Corrections Center
Wood County
1740 East Gypsy Lane
Bowling Green, Ohio 43402-9081

To the Members of the Judicial Advisory Board and Facility Governing Board:

We have audited the financial statements of Northwest Community Corrections Center, Wood County, (the Facility) as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated January 18, 2011, wherein we noted the Facility followed accounting practices the Ohio Department of Rehabilitations and Corrections prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Facility's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Facility's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Facility'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 Facility'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 Facility'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Facility's management in a separate letter dated January 18, 2011.

We intend this report solely for the information and use of management, Members of the Judicial Advisory Board and Facility Governing Board, and others within the Facility. 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 style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

January 18, 2011

**NORTHWEST COMMUNITY CORRECTIONS CENTER
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
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; <i>Explain</i>
2008-001	The Facility did not use minority vendors for 15% of expenditures or meet additional requirements.	Yes	
2008-002	Revenue derived from a specific source for a particular purpose should be put into a special fund and transfers between funds to be accounted correctly.	Partially corrected	Repeated as Management letter comment.
2008-003	Supporting documentation and monitoring of the Work Industry Fund transactions was not being reviewed.	Yes	

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

NORTHWEST COMMUNITY CORRECTIONS CENTER

WOOD 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
FEBRUARY 8, 2011**