



Dave Yost • Auditor of State



**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

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# Dave Yost • Auditor of State

Tri-County Regional Jail  
Champaign County  
4099 State Route 559  
Mechanicsburg, Ohio 43044

To the Board of 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.

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**Dave Yost**  
Auditor of State

July 11, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Tri-County Regional Jail  
Champaign County  
4099 State Route 559  
Mechanicsburg, Ohio 43044

To the Board of Commission:

We have audited the accompanying financial statements of the Tri-County Regional Jail, Champaign County (the Jail), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Jail'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 Jail 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 requires presenting entity wide statements and also presenting the Jail's larger (i.e. major) funds separately. While the Jail 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 Jails to reformat their statements. The Jail 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, 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 Jail as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Tri-County Regional Jail, Champaign County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Jail 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 July 11, 2011, on our consideration of the Jail'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

July 11, 2011

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN 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>Governmental Fund Type</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$3,868,149		\$3,868,149
Charges for Services	259,214		259,214
Sales		\$146,385	146,385
Refund and Reimbursements	12,579		12,579
Other Receipts	30,773		30,773
Total Cash Receipts	<u>4,170,715</u>	<u>146,385</u>	<u>4,317,100</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Salaries and Benefits	2,633,482		2,633,482
Supplies	45,743	83,491	129,234
Equipment	146,612		146,612
Contractual Services	355,005		355,005
Medical	81,862		81,862
Utilities	224,876	28,473	253,349
Repairs & Maintenance	118,768		118,768
Insurance	65,019		65,019
Reimbursements to Counties	866,412		866,412
Travel	35,274		35,274
Other	3,074		3,074
Total Cash Disbursements	<u>4,576,127</u>	<u>111,964</u>	<u>4,688,091</u>
Total Receipts Over/(Under) Disbursements	(405,412)	34,421	(370,991)
Fund Cash Balances, January 1	<u>861,273</u>	<u>147,814</u>	<u>1,009,087</u>
Fund Cash Balances, December 31	<u>\$455,861</u>	<u>\$182,235</u>	<u>\$638,096</u>
Reserve for Encumbrances, December 31	<u>\$67,557</u>	<u>\$9,338</u>	<u>\$76,895</u>

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

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
AGENCY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Inmate Account</u>
<b>Cash Receipts:</b>	
Other Revenues	\$239,694
<b>Cash Disbursements:</b>	
Other Disbursements	<u>237,768</u>
Total Receipts (Under ) Disbursements	1,926
Fund Cash Balance, January 1	<u>2,885</u>
Fund Cash Balance, December 31	<u><u>\$4,811</u></u>

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

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Type</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$4,183,129		\$4,183,129
Charges for Services	321,699		321,699
Sales		\$176,560	176,560
Refunds and Reimbursements	31,169		31,169
Other Receipts	84		84
Total Cash Receipts	<u>4,536,081</u>	<u>176,560</u>	<u>4,712,641</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Salaries and Benefits	2,569,102		2,569,102
Supplies	389,922	108,126	498,048
Equipment	298,806		298,806
Contractual Services	113,403		113,403
Medical	44,860		44,860
Utilities	225,908	33,875	259,783
Repairs & Maintenance	17,291		17,291
Insurance	67,985		67,985
Reimbursements to Counties	761,709		761,709
Travel	10,545		10,545
Other	20,228		20,228
Total Cash Disbursements	<u>4,519,759</u>	<u>142,001</u>	<u>4,661,760</u>
Total Receipts Over/(Under) Disbursements	16,322	34,559	50,881
Fund Cash Balances, January 1	<u>844,951</u>	<u>113,255</u>	<u>958,206</u>
Fund Cash Balances, December 31	<u>\$861,273</u>	<u>\$147,814</u>	<u>\$1,009,087</u>
Reserve for Encumbrances, December 31	<u>\$84,072</u>	<u>\$11,940</u>	<u>\$96,012</u>

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

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
AGENCY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Inmate Account</u>
<b>Cash Receipts:</b>	
Other Revenue	\$277,709
<b>Cash Disbursements:</b>	
Other Disbursements	<u>276,776</u>
Total Receipts(Under ) Disbursements	<u>933</u>
Fund Cash Balance, January 1	<u>1,952</u>
Fund Cash Balance, December 31	<u><u>\$2,885</u></u>

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

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Tri-County Regional Jail, Champaign County (the Jail), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Jail was established by the Board of County Commissioners of Union, Champaign and Madison Counties. The Jail is overseen by the Tri-County Corrections Commission (the Commission) pursuant to Revised Code Sections 153.61 and 307.93. The Commission is directed by the Sheriff of each participating county, the presiding Judge of the Court of Common Pleas of each participating county, and the President of the Board of Commissioners of each participating county. The Commission was established 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 Jail's management believes these financial statements present all activities for which the Jail 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 Jail 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. Cash and Investments**

As the Ohio Revised Code permits, the Champaign County Treasurer holds the Jail's cash as the Jail's custodian. The County holds the Jail's deposits in its investment pool, valued at the Treasurer's reported carrying amount. The Jail maintains a separate bank account for the Inmate Account Fund.

**D. Fund Accounting**

The Jail uses fund accounting to segregate cash and investments that are restricted as to use. The Jail 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 Fund**

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 Jail had the following significant Special Revenue Fund:

**Commissary** – This fund receives monies collected from inmates for the purchases of commissary items.

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3. Fiduciary Fund (Agency Fund)**

Funds for which the Jail is acting in an agency capacity are classified as agency funds. The Jail had the following Agency Fund:

**Inmate Accounts** – This fund receives funds collected from inmates or their friends and/or family to be used to purchase commissary items, doctor visits, haircuts, or phone cards.

**E. Property, Plant, and Equipment**

The Jail records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**F. 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. EQUITY IN POOLED CASH**

The Jail maintains a bank account for the inmate accounts at Security National Bank (See Note 1.C). The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand Deposits	<u>\$4,811</u>	<u>\$2,885</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. RETIREMENT SYSTEM**

The Jail'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 2010 and 2009, OPERS members contributed 10% and 10%, respectively, of their gross salaries and the Jail contributed an amount equaling 14% and 14%, respectively, of participants' gross salaries. The Jail has paid all contributions required through December 31, 2010.

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**4. RISK MANAGEMENT**

**A. Risk Pool Membership**

The Jail is exposed to various risks of property and casualty losses, and injuries to employees.

The Jail insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Jail belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Government's share of these unpaid claims collectible in future years is approximately \$60,468

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**4. RISK MANAGEMENT (Continued)**

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>Contributions to PEP</u></b>	
<b><u>2010</u></b>	<b><u>2009</u></b>
\$65,019	\$67,986

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



# 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

Tri-County Regional Jail  
Champaign County  
4099 State Route 559  
Mechanicsburg, Ohio 43044

To the Board of Commission:

We have audited the financial statements of the Tri-County Regional Jail, Champaign County, (the Jail) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 11, 2011, wherein we noted the Jail 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. 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 Jail'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 Jail's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Jail'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 Government'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 Jail'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 matters not requiring inclusion in this report that we reported to the Jail's management in a separate letter dated July 11, 2011.

We intend this report solely for the information and use of the management, Board of Commission, and others within the Jail. 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

July 11, 2011

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

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>
2008-001	Annual Report Presentation – Failure to report correct balances on the Agency Fund statements	No	Significantly Corrected – reported to management of the Jail in a separate letter.

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# Dave Yost • Auditor of State

**TRI-COUNTY REGIONAL JAIL**

**CHAMPAIGN 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  
NOVEMBER 10, 2011**