

**CORRECTIONS COMMISSION OF  
SOUTHEASTERN OHIO**

**ATHENS COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2021 & 2020**



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Member of the Board  
Corrections Commission of Southeastern Ohio  
16677 Riverside Drive  
Nelsonville, Ohio 45764

We have reviewed the *Independent Auditor's Report* of the Corrections Commission of Southeastern Ohio, Athens County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The Auditor of State is currently conducting an investigation at the Commission. The investigation is ongoing and control or compliance issues, if any, related to this investigation will be addressed in future audit reports.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Corrections Commission of Southeastern Ohio is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

November 01, 2022

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**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY, OHIO**

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## Independent Auditor's Report

Corrections Commission of Southeastern Ohio  
Athens County  
16677 Riverside Drive  
Nelsonville, Ohio 45764

To the Members of the Board and Warden:

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental fund type of the Corrections Commission of Southeastern Ohio, Athens County, Ohio, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

#### *Unmodified Opinions on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental fund type of the Corrections Commission of Southeastern Ohio, as of and for the years ended December 31, 2021 and 2020 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 1.

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Corrections Commission of Southeastern Ohio, as of December 31, 2021 and 2020, or changes in net position thereof for the years then ended.

#### *Basis for Opinions*

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Corrections Commission of Southeastern Ohio and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the Corrections Commission of Southeastern Ohio on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Though the Corrections Commission of Southeastern Ohio does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinions on this accounting basis are in the "Unmodified Opinions on Regulatory Basis of Accounting" paragraph above.

***Emphasis of Matters***

As described in Note 6 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corrections Commission of Southeastern Ohio. Additionally, as discussed in Note 7 to the financial statement for the year ended December 31, 2020, the Corrections Commission of Southeastern Ohio adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. Our opinions are not modified with respect to these matters.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corrections Commission of Southeastern Ohio's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corrections Commission of Southeastern Ohio's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corrections Commission of Southeastern Ohio's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022 on our consideration of the Corrections Commission of Southeastern Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corrections Commission of Southeastern Ohio's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corrections Commission of Southeastern Ohio's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
June 27, 2022

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Governmental Fund Types			Total All Funds
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Housing of Prisoners	\$ 5,005,783	\$ -	\$ -	\$ 5,005,783
Sales	-	96,247	-	96,247
Earnings on Investments	1,402	-	-	1,402
Medical Reimbursement	44,789	-	-	44,789
Other Revenue	51,812	-	-	51,812
<b>Total Cash Receipts</b>	<b>5,103,786</b>	<b>96,247</b>	<b>-</b>	<b>5,200,033</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries	2,280,540	-	-	2,280,540
Fringe Benefits	1,209,029	-	-	1,209,029
Travel and Training	14,006	-	-	14,006
Supplies & Materials	116,287	-	-	116,287
Repairs & Maintenance	112,963	-	-	112,963
Inmate Housing:				
Cost of Goods Sold	-	75,270	-	75,270
Medical Expenses	-	18,605	-	18,605
Medical Services	46,803	-	-	46,803
Contract Services	825,304	-	-	825,304
Utilities	377,409	-	-	377,409
Property & Liability Insurance	89,767	-	-	89,767
Other Expenditures	3,573	132	-	3,705
Capital Outlay	13,184	-	31,714	44,898
<b>Total Cash Disbursements</b>	<b>5,088,865</b>	<b>94,007</b>	<b>31,714</b>	<b>5,214,586</b>
Excess of Receipts Over/(Under) Disbursements	14,921	2,240	(31,714)	(14,553)
Other Financing Receipts/(Disbursements):				
Transfers-In	-	-	6,749	6,749
Transfers-Out	(6,749)	-	-	(6,749)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(6,749)</b>	<b>-</b>	<b>6,749</b>	<b>-</b>
Net Change in Fund Cash Balances	8,172	2,240	(24,965)	(14,553)
Fund Cash Balances, January 1	931,827	31,865	406,322	1,370,014
Fund Cash Balances, December 31	<u>\$ 939,999</u>	<u>\$ 34,105</u>	<u>\$ 381,357</u>	<u>\$ 1,355,461</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENT

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Corrections Commission of Southeastern Ohio, Athens County (the "Commission"), as a body corporate and politic. The Board of County Commissioners of Athens, Hocking, Morgan, and Perry Counties established the Commission. Vinton County was later added to the Commission. The Sheriff of each participating county and the presiding Judge of the Court of Common Pleas of each participating county direct the Commission. The purpose of the Commission is to use the authority common to the members to develop, construct, operate, and administer a multi-county correctional center to augment county jail programs and facilities.

The Commission's management believes this financial statement presents all activities for which the Commission is financially accountable.

**B. Basis of Presentation**

The Commission's financial statement consists of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types.

**C. Accounting Basis**

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This financial statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

**D. Fund Accounting**

The Commission uses fund accounting to segregate cash and investments that are restricted as to use. The Commission classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted or committed to disbursement for specific purposes other than capital projects. The Commission had the following significant Special Revenue Fund:

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Commissary Fund – Originally established in accordance with substitute House Bill 480, this fund accounts for moneys received from sales to inmates, purchasing of merchandise, and payments for inmate medical expenses. This fund also receipts moneys from “pay-to-stay” fees collected from the inmates. In 2017, the commissary activity was contracted out to a third party. Beginning in 2018, the Commission moved to receipt all commissions received from the commissary third party administrators Aramark and Securus Technologies.

**3. Capital Projects Fund**

These funds account and report for receipts restricted, committed or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Commission had the following Capital Project Fund:

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

**E. Budgetary Process**

The Commission is not required to follow the budgetary requirements under Ohio Revised Code 5705. However, the Commission did prepare an appropriation measure and approved subsequent amendments for the General Fund, Special Revenue, and Capital Projects Fund Types for 2021. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control for the General Fund and may not exceed appropriations at the fund level of control for the Special Revenue and Capital Projects Fund Types.

**F. Fund Balance**

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

**1. Nonspendable**

The Commission classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Commission. The Commission classifies these unclaimed monies as nonspendable in the general fund.

**2. Restricted**

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

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**3. Committed**

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

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**5. Unassigned**

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 7.

**G. Property, Plant and Equipment**

The Commission records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

**I. Interfund Transactions**

During the course of normal operations, the Commission had transactions between funds. The most significant include transfers of resources from one fund to another. The resources transferred are to be disbursed for operations by the necessary fund and are recorded as operating transfers.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - EQUITY IN POOLED DEPOSITS**

The Commission maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits. Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2021, the carrying amount of the Commission's deposits was \$1,355,461 and the bank balance was \$1,407,537. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,157,537 collateralized with the OPCS.

**NOTE 3 – DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System**

The Commission's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10% of their gross salaries and the Commission contributed an amount equaling 14% of participants' gross salaries. The Commission has paid all contributions required through December 31, 2021.

**NOTE 4 – POSTEMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

**NOTE 5 - RISK MANAGEMENT**

**Worker's Compensation**

Workers' Compensation coverage is provided by the State of Ohio. The Commission pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Commercial Insurance**

The Commission has obtained commercial insurance for the following risks:

- Comprehensive property and general liability,
- Vehicles; and,
- Errors and omissions.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 6 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Commission. The impact on the Commission’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**NOTE 7 – FUND BALANCES**

Included in fund balance are amounts the Commission cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$12,277	\$0	\$0	\$12,277
Total	\$12,277	\$0	\$0	\$12,277

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. For 2021, the Commission did not have any outstanding encumbrances.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Governmental Fund Types			Total All Funds
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Housing of Prisoners	\$ 4,156,784	\$ -	\$ -	\$ 4,156,784
Sales	-	74,814	-	74,814
Earnings on Investments	2,433	-	-	2,433
Medical Reimbursement	69,798	-	-	69,798
Other Revenue	186,697	-	-	186,697
<b>Total Cash Receipts</b>	<b>4,415,712</b>	<b>74,814</b>	<b>-</b>	<b>4,490,526</b>
<b>Cash Disbursements:</b>				
Current:				
Salaries	2,135,988	-	-	2,135,988
Fringe Benefits	1,237,971	-	-	1,237,971
Travel and Training	10,439	-	-	10,439
Supplies & Materials	112,032	-	-	112,032
Repairs & Maintenance	83,452	-	-	83,452
Inmate Housing:				
Cost of Goods Sold	-	59,367	-	59,367
Medical Expenses	-	15,251	-	15,251
Medical Services	65,000	-	-	65,000
Contract Services	713,969	-	-	713,969
Utilities	336,362	-	-	336,362
Property & Liability Insurance	79,404	-	-	79,404
Other Expenditures	4,689	-	-	4,689
Capital Outlay	34,183	-	47,357	81,540
<b>Total Cash Disbursements</b>	<b>4,813,489</b>	<b>74,618</b>	<b>47,357</b>	<b>4,935,464</b>
Excess of Receipts Over/(Under) Disbursements	(397,777)	196	(47,357)	(444,938)
Other Financing Receipts/(Disbursements):				
Transfers-In	-	-	10,639	10,639
Transfers-Out	(10,639)	-	-	(10,639)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(10,639)</b>	<b>-</b>	<b>10,639</b>	<b>-</b>
Net Change in Fund Cash Balances	(408,416)	196	(36,718)	(444,938)
Fund Cash Balances, January 1	1,340,243	31,669	443,040	1,814,952
Fund Cash Balances, December 31	<u>\$ 931,827</u>	<u>\$ 31,865</u>	<u>\$ 406,322</u>	<u>\$ 1,370,014</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENT



**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Corrections Commission of Southeastern Ohio, Athens County (the "Commission"), as a body corporate and politic. The Board of County Commissioners of Athens, Hocking, Morgan, and Perry Counties established the Commission. Vinton County was later added to the Commission. The Sheriff of each participating county and the presiding Judge of the Court of Common Pleas of each participating county direct the Commission. The purpose of the Commission is to use the authority common to the members to develop, construct, operate, and administer a multi-county correctional center to augment county jail programs and facilities.

The Commission's management believes this financial statement presents all activities for which the Commission is financially accountable.

**B. Basis of Presentation**

The Commission's financial statement consists of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types.

**C. Accounting Basis**

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This financial statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

**D. Fund Accounting**

The Commission uses fund accounting to segregate cash and investments that are restricted as to use. The Commission classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted or committed to disbursement for specific purposes other than capital projects. The Commission had the following significant Special Revenue Fund:

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Commissary Fund – Originally established in accordance with substitute House Bill 480, this fund accounts for moneys received from sales to inmates, purchasing of merchandise, and payments for inmate medical expenses. This fund also receipts moneys from “pay-to-stay” fees collected from the inmates. In 2017, the commissary activity was contracted out to a third party. Beginning in 2018, the Commission moved to receipt all commissions received from the commissary third party administrators Aramark and Secururs Technologies.

**3. Capital Projects Fund**

These funds account and report for receipts restricted, committed or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Commission had the following Capital Project Fund:

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

**E. Budgetary Process**

The Commission is not required to follow the budgetary requirements under Ohio Revised Code 5705. However, the Commission did prepare an appropriation measure and approved subsequent amendments for the General Fund, Special Revenue, and Capital Projects Fund Types for 2020. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control for the General Fund and may not exceed appropriations at the fund level of control for the Special Revenue and Capital Projects Fund Types.

**F. Fund Balance**

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

**1. Nonspendable**

The Commission classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Commission. The Commission classifies these unclaimed monies as nonspendable in the general fund.

**2. Restricted**

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

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**3. Committed**

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

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**5. Unassigned**

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 8.

**G. Property, Plant and Equipment**

The Commission records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

**I. Interfund Transactions**

During the course of normal operations, the Commission had transactions between funds. The most significant include transfers of resources from one fund to another. The resources transferred are to be disbursed for operations by the necessary fund and are recorded as operating transfers.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 2 - EQUITY IN POOLED DEPOSITS**

The Commission maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits. Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2020, the carrying amount of the Commission's deposits was \$1,370,014 and the bank balance was \$1,349,438. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,099,438 collateralized with the OPCS.

**NOTE 3 – DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System**

The Commission's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10% of their gross salaries and the Commission contributed an amount equaling 14% of participants' gross salaries. The Commission has paid all contributions required through December 31, 2020.

**NOTE 4 – POSTEMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**NOTE 5 - RISK MANAGEMENT**

**Worker's Compensation**

Workers' Compensation coverage is provided by the State of Ohio. The Commission pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Commercial Insurance**

The Commission has obtained commercial insurance for the following risks:

- Comprehensive property and general liability,
- Vehicles; and,
- Errors and omissions.

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2020

**NOTE 6 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Facility. The impact on the Facility’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**NOTE 7 - CHANGE IN ACCOUNTING PRINCIPLE**

For 2020, the Commission made a change to its cash basis reporting model by removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types. This change in accounting principle did not have an effect on beginning fund balances.

**NOTE 8 – FUND BALANCES**

Included in fund balance are amounts the Commission cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$12,267	\$0	\$0	\$12,267
<b>Total</b>	<b>\$12,267</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,267</b>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. For 2020, the Commission did not have any outstanding encumbrances.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

Corrections Commission of Southeastern Ohio  
Athens County  
16677 Riverside Drive  
Nelsonville, Ohio 45764

To the Members of the Board and the Warden:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type of the Corrections Commission of Southeastern Ohio, Athens County, Ohio, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated June 27, 2022, wherein we noted as described in Note 1 to the financial statements, the Corrections Commission of Southeastern Ohio followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Furthermore, we noted as described in Note 6 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods. Additionally, as discussed in Note 7 to the financial statement for the year ended December 31, 2020, the Corrections Commission of Southeastern Ohio adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corrections Commission of Southeastern Ohio's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corrections Commission of Southeastern Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corrections Commission of Southeastern Ohio's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corrections Commission of Southeastern Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corrections Commission of Southeastern Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corrections Commission of Southeastern Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
June 27, 2022

**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO  
ATHENS COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021 & 2020**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	2019	<u>Significant Deficiency – Financial Statement Presentation</u> - Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Various adjustments were made to the financial statements and note disclosures to properly record significant transactions during the audit period.	Partially Corrected	Management Letter Recommendation issued for updating the note disclosures in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C).
2019-002	2019	<u>Material Weakness – Payroll Input Controls</u> - Testing over accruals and leave taken showed that amounts approved by the employee’s supervisor and the Warden were not properly recorded in the Commission’s payroll accounting software. This was primarily due to a lack of segregation of duties where the Fiscal Officer was the only person overseeing the payroll system inputs as there was a lack of a second or third review over the entire payroll process, which would ensure amounts related to leave accruals and deductions agreed to what was posted to the system.	Corrective Action Taken and Finding is Fully Corrected	Not Applicable



# OHIO AUDITOR OF STATE KEITH FABER



**CORRECTIONS COMMISSION OF SOUTHEASTERN OHIO**

**ATHENS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/15/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)