

TRI-COUNTY REGIONAL JAIL

CHAMPAIGN COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021



OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARreport@ohioauditor.gov
(800) 282-0370

Board of Commissioners
Tri-County Regional Jail
4099 SR 559
Mechanicsburg, Ohio 43044

We have reviewed the *Independent Auditor's Report* of Tri-County Regional Jail, Champaign County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. 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.

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. Tri-County Regional Jail 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 13, 2023

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**TRI-COUNTY REGIONAL JAIL
CHAMPAIGN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Commission:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Tri-County Regional Jail, Champaign County, Ohio (the Jail), which comprise the cash balances, receipts and disbursements for each governmental and fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion 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 and fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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 do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Jail, as of December 31, 2022 and 2021, or the changes in financial 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 (GAAS) 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 Jail, 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 2 of the financial statements, the financial statements are prepared by the Jail on the base of the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permits. 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 misstatement, 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 Jail'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 GAAS and the financial audit standards in the Comptroller General of the United States' *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 GAAS 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 Jail'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 Jail'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 August 11, 2023 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. 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 Jail'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 Jail's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
August 11, 2023

**Tri-County Regional Jail
Champaign County
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022**

| | <u>General</u> | <u>Special Revenue</u> | <u>Totals (Memorandum Only)</u> |
|--|---------------------|----------------------------|---|
| Cash Receipts: | | | |
| Intergovernmental | \$ 5,179,170 | \$ - | \$ 5,179,170 |
| Charges for Services | 2,298 | 169,155 | 171,453 |
| Utilities/Cable/TV | - | 246,078 | 246,078 |
| Other Revenue | 53,539 | - | 53,539 |
| Refunds-Reimbursements | 24,373 | 39 | 24,412 |
| <i>Total Cash Receipts</i> | <u>5,259,380</u> | <u>415,272</u> | <u>5,674,652</u> |
| Cash Disbursements: | | | |
| Salaries - Employees | 2,612,084 | - | 2,612,084 |
| Employee Benefits | 1,001,347 | - | 1,001,347 |
| Supplies | 14,826 | 202,386 | 217,212 |
| Equipment | 241,544 | - | 241,544 |
| Contractual Services | 514,664 | 4,500 | 519,164 |
| Medical | 141,848 | - | 141,848 |
| Utilities | 310,654 | 2,724 | 313,378 |
| Repairs & Maintenance | 234,678 | 697 | 235,375 |
| Insurance | 107,469 | - | 107,469 |
| Reimbursements to Counties | - | 169,155 | 169,155 |
| Other Expenses | 21,290 | - | 21,290 |
| Travel and Expense | 12,734 | - | 12,734 |
| <i>Total Cash Disbursements</i> | <u>5,213,137</u> | <u>379,461</u> | <u>5,592,599</u> |
| <i>Total Receipts Over/(Under) Disbursements</i> | 46,242 | 35,811 | 82,053 |
| Fund Cash Balance, January 1, 2022 | <u>1,916,852</u> | <u>\$459,139</u> | <u>2,375,990</u> |
| <i>Fund Cash Balance, December 31, 2022</i> | <u>\$ 1,963,094</u> | <u>\$ 494,949</u> | <u>\$ 2,458,043</u> |

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

Tri-County Regional Jail
Champaign County
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2022

| | Custodial |
|---|------------|
| | Other |
| | Custodial |
| Additions: | |
| Deposits Received | \$ 408,305 |
| <i>Total Additions</i> | 408,305 |
| Deductions: | |
| Distribution of Deposits | 405,150 |
| <i>Total Deductions</i> | 405,150 |
| <i>Net Change in Fund Balance</i> | 3,155 |
| Fund Cash Balance, January 1, 2022 | 6,848 |
| <i>Fund Cash Balance, December 31, 2022</i> | \$ 10,003 |

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

Tri-County Regional Jail
Champaign County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting 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 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.

Public Entity Risk Pool

The Jail participates in a public entity risk pool. Note 4 to the financial statements provides additional information for this entity.

The Jail's management believes these financial statements present all activities for which the Jail is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Jail's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Jail uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Jail are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Jail for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The Jail had the following significant Special Revenue Fund:

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

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Jail's custodial fund accounts for inmate accounts, which represents funds collected from inmates or their friends and/or family to be used to purchase commissary items, doctor visits, haircuts, or phone cards.

Tri-County Regional Jail
Champaign County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow 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 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Capital Assets

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

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.

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.

Fund Balance

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

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

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.

Committed The Board can *commit* amounts via formal action (resolution). The Jail must adhere to these commitments unless the Board amend 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.

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

Tri-County Regional Jail
Champaign County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

Note 3 – Deposits

The Champaign County Treasurer maintains the cash balances for all non-inmate funds in their Treasury. The Jail maintains a bank account for the inmate accounts at Park National Bank. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

| | <u>2022</u> |
|-----------------|-------------|
| Demand deposits | \$ 10,003 |

The Jail does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Jail does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Risk Management

The Jail is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Jail's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | |
|-----------------------|--------------|
| | 2022 |
| Cash and investments | \$42,310,794 |
| Actuarial liabilities | \$15,724,479 |

Tri-County Regional Jail
Champaign County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Jail 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Jail contributed an amount equaling 14 percent of participants' gross salaries. The Jail has paid all contributions required through December 31, 2022.

Note 6 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include 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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 7 – 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. During 2022, the Jail received American Rescue Plan Act funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Jail. The impact on the Jail's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 8 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure to facilitate effective cash planning and control. At year end, the Jail had the following fund balance:

| | |
|---------------------------------|-------------------|
| Fund Balances | General Fund |
| <u>Outstanding Encumbrances</u> | <u>\$ 127,250</u> |

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**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, 2021**

| | <u>General</u> | <u>Special Revenue</u> | <u>Totals (Memorandum Only)</u> |
|--|---------------------|----------------------------|---|
| Cash Receipts: | | | |
| Intergovernmental | \$ 4,801,842 | \$ - | \$ 4,801,842 |
| Charges for Services | 1,258 | 88,830 | 90,088 |
| Utilities/Cable/TV | - | 261,947 | 261,947 |
| Other Revenue | 36,487 | - | 36,487 |
| Refunds-Reimbursements | 24,861 | - | 24,861 |
| <i>Total Cash Receipts</i> | <u>4,864,448</u> | <u>350,777</u> | <u>5,215,225</u> |
| Cash Disbursements: | | | |
| Salaries - Employees | 2,647,446 | - | 2,647,446 |
| Employee Benefits | 932,377 | - | 932,377 |
| Supplies | 14,483 | 230,805 | 245,288 |
| Equipment | 41,697 | - | 41,697 |
| Contractual Services | 398,164 | 42,000 | 440,164 |
| Medical | 141,682 | - | 141,682 |
| Utilities | 240,670 | 3,169 | 243,839 |
| Repairs & Maintenance | 130,556 | - | 130,556 |
| Insurance | 90,907 | - | 90,907 |
| Reimbursements to Counties | - | 88,830 | 88,830 |
| Other Expenses | 23,494 | - | 23,494 |
| Travel and Expense | 13,903 | - | 13,903 |
| <i>Total Cash Disbursements</i> | <u>4,675,378</u> | <u>364,804</u> | <u>5,040,182</u> |
| <i>Total Receipts Over/(Under) Disbursements</i> | 189,070 | (14,027) | 175,043 |
| Fund Cash Balance, January 1, 2021 | <u>1,727,782</u> | <u>473,166</u> | <u>2,200,948</u> |
| <i>Fund Cash Balance, December 31, 2021</i> | <u>\$ 1,916,852</u> | <u>\$ 459,139</u> | <u>\$ 2,375,991</u> |

Tri-County Regional Jail
Champaign County
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2021

| | Custodial |
|---|------------|
| | Other |
| | Custodial |
| Additions: | |
| Deposits Received | \$ 445,230 |
| <i>Total Additions</i> | 445,230 |
| Deductions: | |
| Distribution of Deposits | 442,849 |
| <i>Total Deductions</i> | 442,849 |
| <i>Net Change in Fund Balance</i> | 2,381 |
| Fund Cash Balance, January 1, 2021 | 4,467 |
| <i>Fund Cash Balance, December 31, 2021</i> | \$ 6,848 |

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

Tri-County Regional Jail
Champaign County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting 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 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.

Public Entity Risk Pool

The Jail participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

The Jail's management believes these financial statements present all activities for which the Jail is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Jail's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Jail uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Jail are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Jail for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Jail had the following significant Special Revenue Fund:

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

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Jail's custodial fund accounts for inmate accounts, which represents funds collected from inmates or their friends and/or family to be used to purchase commissary items, doctor visits, haircuts, or phone cards.

Tri-County Regional Jail
Champaign County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow 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 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Capital Assets

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

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.

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.

Fund Balance

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

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

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.

Committed The Board can *commit* amounts via formal action (resolution). The Jail must adhere to these commitments unless the Board amend 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.

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

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.

Tri-County Regional Jail
Champaign County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

Note 3 – Deposits

The Champaign County Treasurer maintains the cash balances for all non-inmate funds in their Treasury. The Jail maintains a bank account for the inmate accounts at Park National Bank. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

| | <u>2021</u> |
|-----------------|-------------|
| Demand deposits | \$ 6,848 |

The Jail does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Jail does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 4 – Risk Management

The Jail is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Jail's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | 2021 |
|-----------------------|--------------|
| Cash and investments | \$41,996,850 |
| Actuarial liabilities | \$14,974,099 |

Tri-County Regional Jail
Champaign County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Jail 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 health care and survivor and disability benefits.

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

Note 6 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include 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 7 – 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. During 2021, the Jail received American Rescue Plan Act funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Jail. The impact on the Jail's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 8 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure to facilitate effective cash planning and control. At year-end, the Jail had the following fund balance:

| | |
|--------------------------|-------------|
| | General |
| <u>Fund Balances</u> | <u>Fund</u> |
| Outstanding Encumbrances | \$ 347,622 |

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**INDEPENDENT AUDITOR'S 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, OH 43044

To the Board of Commissioners:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and fiduciary fund type of the Tri-County Regional Jail, Champaign County, (the Jail) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated August 11, 2023, wherein we noted the Jail followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Jail's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jail's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jail'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 Jail'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 Jail'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 Jail'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 Jail's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
August 11, 2023

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OHIO AUDITOR OF STATE KEITH FABER



TRI-COUNTY REGIONAL JAIL

CHAMPAIGN 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 11/28/2023

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