



**Auditor of State
Betty Montgomery**

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Eastern Ohio Correction Center
Jefferson County
470 State Route 43
P.O. Box 2400
Wintersville, Ohio 43953

To the Judicial Corrections Board:

We have audited the accompanying financial statements of the Eastern Ohio Correction Center, Jefferson County, Ohio, (the Center) as of and for the years ended June 30, 2004, 2003 and 2002. These financial statements are the responsibility of the Center'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Center prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The financial statement for 2002 presents only the cash receipts, disbursements and cash balance related to State appropriations the Ohio Department of Rehabilitation and Corrections paid to the Center. This statement is not intended to present the cash receipts, disbursements and balances of all Center funds for year ended June 30, 2002.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and unpaid obligations of the Eastern Ohio Correction Center, Jefferson County, Ohio, as of June 30, 2004 and 2003 and State Appropriations cash balance as of June 30, 2002, and the related cash receipts and disbursements for years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2005, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Eastern Ohio Correction Center
Jefferson County
Independent Accountants' Report
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This report is intended solely for the information and use of management, the Judicial Corrections Board, the Ohio Department of Rehabilitation and Corrections and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 24, 2005

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**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED JUNE 30, 2004**

	State Appropriations and Grants			
	ODRC 501-501	Federal Grant Match	Federal	Capital CAP 003
Cash Receipts:				
Intergovernmental	\$2,793,859		\$371,329	\$100,595
Receipts for offenders				
Receipts from offenders				
Commissary purchases				
Commissions				
Miscellaneous			19,328	
Reimbursement				
Transfers In/Out	(60,095)	60,095		
Total Cash Receipts	2,733,764	60,095	390,657	100,595
Cash Disbursements:				
Personnel	2,087,401	\$60,095	108,054	
Operating Expenses	430,686		40,120	
Program Expenses	106,681		36,796	
Equipment	19,683		29,444	
Capital Project				100,595
Offender Disbursements:				
Offender reimbursements				
Offender payments to CBCF				
Offender savings paid at exit				
Total Cash Disbursements	2,644,451	60,095	214,413	100,595
Disbursements From Prior FY (Include Refund to ODRC)	55,223	22,478	178,417	
Total Receipts Over/(Under) Disbursements	34,091	(22,478)	(2,173)	
Fund Cash Balances, July 1, 2003	71,324	\$22,478	20,136	
Fund Cash Balances, June 30, 2004	<u>\$105,415</u>		<u>\$17,963</u>	
Unpaid Obligations/Open Purchase Order:	<u>\$95,099</u>		<u>\$26,688</u>	

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

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED JUNE 30, 2004
(Continued)**

Offender Funds					
<u>Offender Per Diem</u>	<u>Offender Personal Funds</u>	<u>Telephone Commission</u>	<u>Commissary</u>	<u>Other</u>	<u>Totals</u>
					\$3,265,783
	\$113,200				113,200
\$2,115					2,115
			\$33,773		33,773
		\$32,286		\$9,641	41,927
					19,328
				59,310	59,310
<u>2,115</u>	<u>113,200</u>	<u>32,286</u>	<u>33,773</u>	<u>68,951</u>	<u>3,535,436</u>
					2,255,550
		32,286	55,443	68,952	627,487
					143,476
					49,127
					100,595
	71,500				71,500
2,115					2,115
	<u>42,820</u>				<u>42,820</u>
<u>2,115</u>	<u>114,320</u>	<u>32,286</u>	<u>55,443</u>	<u>68,952</u>	<u>3,292,670</u>
					256,117
	(1,120)		(21,670)		(13,350)
141	10,259	248	22,178	2,185	148,948
<u>\$141</u>	<u>\$9,139</u>	<u>\$248</u>	<u>\$508</u>	<u>\$2,185</u>	<u>\$135,598</u>
					<u>\$121,788</u>

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE:
FOR THE YEAR ENDED JUNE 30, 2003**

	State Appropriations and Grants			Capital CAP 003
	ODRC 501-501	Federal Grant Match	Federal	
Cash Receipts:				
Intergovernmental	\$2,639,144		\$213,709	\$7,840
Receipts for offenders				
Receipts from offenders				
Commissary purchases				
Commissions				
Miscellaneous			13,332	
Reimbursement				
Transfers In/Out	(50,461)	50,461		
Total Cash Receipts	2,588,683	50,461	227,041	7,840
Cash Disbursements:				
Personnel	1,976,904	\$27,983	41,718	
Operating Expenses	452,802		17,339	
Program Expenses	75,584		27,442	
Equipment	26,483		35,703	
Capital Project				7,840
Offender Disbursements:				
Offender reimbursements				
Offender payments to CBCF				
Offender savings paid at exit				
Total Cash Disbursements	2,531,773	27,983	122,202	\$7,840
Disbursements From Prior FY (Include Refund to ODRC)	121,785		127,434	
Total Receipts Over/(Under) Disbursements	(64,875)	22,478	(22,595)	
Fund Cash Balances, July 1, 2002	136,199		42,731	
Fund Cash Balances, June 30, 2003	<u>\$71,324</u>	<u>\$22,478</u>	<u>\$20,136</u>	
Unpaid Obligations/Open Purchase Orders	<u>\$119,199</u>		<u>\$5,179</u>	

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

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE:
FOR THE YEAR ENDED JUNE 30, 2003
(Continued)**

Offender Funds					
Offender Per Diem	Offender Personal Funds	Telephone Commission	Commissary	Other	Totals
					\$2,860,693
	\$126,357				126,357
\$2,100					2,100
			\$33,310		33,310
		\$27,988		\$2,185	30,173
					13,332
				2,117	2,117
2,100	126,357	27,988	33,310	4,302	3,068,082
					2,046,605
		27,741	33,293	2,117	533,292
					103,027
					62,186
					7,840
	91,075				91,075
1,959					1,959
	31,400				31,400
1,959	122,475	27,741	33,293	2,117	2,877,384
					249,219
141	3,882	247	17	2,185	(58,520)
	6,377		22,161		207,468
\$141	\$10,259	\$247	\$22,178	\$2,185	\$148,948
					\$124,379

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2002**

	ODRC 501-501
Cash Receipts:	
Intergovernmental	<u>\$ 2,776,126</u>
Total Cash Receipts	<u>2,776,126</u>
Cash Disbursements:	
Current:	
Personnel	2,102,017
Operating Expenses	425,234
Program Expenses	66,145
Equipment	<u>46,531</u>
Total Cash Disbursements	<u>2,639,927</u>
Disbursements From Prior FY (Include Refund to ODRC)	<u>75,588</u>
Total Receipts Over/(Under) Disbursements	<u>60,611</u>
Fund Cash Balances, July 1, 2001	<u>75,588</u>
Fund Cash Balances, June 30, 2002	<u><u>\$ 136,199</u></u>
Unpaid Obligations/Open Purchase Orders	<u><u>\$ 178,871</u></u>

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

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003, AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Eastern Ohio Correction Center (the Center) provides an alternative to prison incarceration for felony offenders. The Center is the last step in the continuum of increasing punishment before prison incarceration. The Center is a minimum security operation housing approximately 75 male offenders at its facility in Wintersville and approximately 25 female offenders at its facility in Lisbon. The Judicial Corrections Board administers the Center. The Board includes at least one common pleas court judge from each county the Center serves. The Center serves the following counties:

Belmont County	Carroll County	Columbiana County
Guernsey County	Harrison County	Jefferson County
Monroe County	Noble County	

For the year ended June 30, 2002, the accompanying financial statement presents only the activity of State appropriations received through the Ohio Department of Rehabilitation and Corrections. For the years ended June 30, 2004 and 2003, the financial statement presents all funds related to the Center.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary expenditures include amounts disbursed through the following September 30 but chargeable against the preceding year's budget.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

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

D. Fund Accounting

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

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003, AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Appropriations and Grants

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

Federal Grant Match: Reports amounts received to meet any Federal program matching fund requirements.

Federal: Reports amounts received from the Federal government, including amounts passed through ODRC. The Center received RSAT (Residential Substance Abuse Treatment) and WISA (Women's Intensive Substance Abuse) for aiding offenders with high risk and need for substance abuse, education and relapse prevention. The Center also received ABLE (Adult Basic Literacy Education) and Title I funding for contracting instructors and specialists to aid in the rehabilitation of offenders.

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

Offender Funds

Offender Per Diem: Reports receipts from a per diem fee charged to non-indigent offenders for room, board, and medical treatment per Ohio Revised Code Section 2301.56 (C).

Telephone Commissions: Reports amounts received from telephone commissions generated by calls offenders place to locations outside the Facility. The Facility spends this money for programs and services benefiting the offenders.

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

Commissary: Reports amounts charged to non-indigent offenders' personal funds for use of the commissary, per Ohio Revised Code § 2301.58.

Other/Miscellaneous: Reports amounts received primarily from vending machines commissions and reimbursements. This fund pays for programs and services benefiting offenders.

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003, AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

1. Appropriations

The Center must budget its intended uses of ODRC 501-501 funding as part of its funding application to ODRC. After ODRC approves the budget, the Board formally adopts it. The Center cannot spend or obligate (i.e., encumber) more than the appropriations. Facilities must obtain approval from ODRC to transfer amounts between budget categories.

2. Encumbrances

Disbursements from State appropriations and Grants are subject to the payment approval process of Jefferson County. The County Auditor must approve (i.e., certify and encumber) certain payments when the Center commits to make a payment. The budgetary disbursement amounts reported in Note 2 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts budgeted for commitments not liquidated within ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 4.)

A summary of 2004 and 2003 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The Center records acquisitions of property, plant, and equipment as capital project disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Commission uses.

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003, AND 2002
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2004, 2003 and 2002 follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,793,859	\$2,785,869	\$7,990

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,639,144	\$2,637,457	\$1,687

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,776,126	\$2,761,711	\$14,415

3. COLLATERAL ON DEPOSITS AND INVESTMENTS

Grants and State Appropriations

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

Offender Funds

Deposits

The Center has Federal Deposit Insurance Corporation coverage of \$100,000 for Offender Funds. There were no uncollateralized amounts.

4. REFUND TO ODRC

The agreement between the Center and ODRC permits the Center to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Center must refund any excess over this amount to ODRC. The schedule below computes the refund to ODRC for the years ending June 30. Disbursements below include cash paid to liquidate encumbrances outstanding at June 30 and exclude disbursements made during the fiscal year against amounts encumbered the prior June 30. The Center refunds amounts computed below in the fiscal year following the computation below.

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003, AND 2002
(Continued)**

4. REFUND TO ODRC (Continued)

Refund to ODRC			
	2004	2003	2002
Cash, July 1	\$71,324	\$136,199	\$75,588
Disbursements Against Prior Year Budget Payable to ODRC, July 1	(55,222)	(\$121,784)	(\$75,588)
Sub-Total	16,102	\$14,415	
501 Cash Receipts	2,793,859	2,639,144	2,776,126
Budgetary Basis Disbursements	(2,785,869)	(2,637,457)	(2,761,711)
Amount Subject to Refund, June 30	24,092	16,102	14,415
One-Twelfth of 501 Award	232,822	219,929	231,344
Refundable to ODRC	\$ -	\$ -	\$ -

5. RETIREMENT SYSTEMS

The Center's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries to OPERS. The Center contributed an amount equal to 13.55 percent of participants' gross salaries. The Center has paid all contributions required through June 30, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The Center has obtained commercial insurance for the following risks:

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

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Eastern Ohio Correction Center
Jefferson County
470 State Route 43
P.O. Box 2400
Wintersville, Ohio 43953

To the Judicial Corrections Board:

We have audited the financial statements of the East Ohio Correction Center, Jefferson County, Ohio, (the Center) as of and for the years ended June 30, 2004, 2003 and 2002, and have issued our report thereon dated March 24, 2005. Our audit for the year ended June 30, 2002 included only State appropriations the Ohio Department of Rehabilitation and Corrections paid to the Center. 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 Center's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Center's management dated March 24, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Center'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*. In a separate letter to the Center's management dated March 24, 2005, we reported other matters related to noncompliance we deemed immaterial.

Eastern Ohio Correction Center
Jefferson County
Independent Accountants' Report on Internal Control over
Financial Reporting and on Compliance and other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, the Judicial Corrections Board and the Ohio Department of Rehabilitation and Corrections. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 24, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

EASTERN OHIO CORRECTION CENTER

JEFFERSON 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
MAY 17, 2005**