

***STARK REGIONAL COMMUNITY  
CORRECTION CENTER***

**STARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2020 - 2019**







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Facility Governing Board  
Stark Regional Community Correction Center  
4433 Lesh Street NE  
Louisville, Ohio 44641

We have reviewed the *Independent Auditor's Report* of Stark Regional Community Correction Center, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2018 through June 30, 2020. 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. Stark Regional Community Correction Center is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

January 19, 2021

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**STARK REGIONAL COMMUNITY CORRECTION CENTER**  
**STARK COUNTY, OHIO**  
Regular Audit  
For the Years Ended June 30, 2020 - 2019

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**INDEPENDENT AUDITOR'S REPORT**

Stark Regional Community Correction Center  
Stark County  
4433 Lesh Street NE  
Louisville, OH 44641

To the Members of the Facility Governing Board:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Stark Regional Community Correction Center, Stark County, Ohio (the Center), as of and for the years ended June 30, 2020 and 2019.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Correction permits; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the financial statements 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 Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as our evaluation of the overall presentation of the financial statements.

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 Center prepared these financial statements using the accounting basis permitted by the financial reporting provisions of the Ohio Department of Rehabilitation and Correction, which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Center 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 the Ohio Department of Rehabilitation and Correction permits. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the 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 Center as of June 30, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Stark Regional Community Correction Center, Stark County, Ohio, as of June 30, 2020 and 2019, for the years then ended in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Correction permits, described in Note 2.

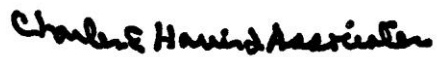
***Emphasis of Matter***

As discussed in Note 10 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Center. We did not modify our opinions regarding this matter.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2020, on our consideration of the Center'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 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 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 Center's internal control over financial reporting and compliance.



*Charles E. Harris & Associates, Inc.*  
October 29, 2020

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
**Stark Regional Community Correction Center**

*Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances (Regulatory Cash Basis)*  
*For the Year Ended June 30, 2020*

	State Appropriations and Grants				Offender Funds		Totals
	ODRC 501-501	Justice Reinvestment and Incentive Grant	Federal	Capital CAP 003	Resident Program Fund	Offender Personal Funds	
<b>Cash Receipts:</b>							
Intergovernmental	\$ 4,464,069	\$ 85,668	\$ 31,288	\$ 178,827	\$ -	\$ -	\$ 4,674,184
Collections from offenders	-	-	-	-	-	253,860	253,860
Commissions	-	-	-	-	53,760	-	53,760
Reimbursements	-	-	-	-	13	-	13
Miscellaneous Receipts	-	-	-	-	19	-	19
<b>Total Cash Receipts</b>	<b>4,464,069</b>	<b>85,668</b>	<b>31,288</b>	<b>178,827</b>	<b>53,792</b>	<b>253,860</b>	<b>4,981,836</b>
<b>Cash Disbursements:</b>							
Personnel	3,139,373	-	31,288	-	-	-	3,170,661
Operating costs	717,270	-	-	-	1,351	-	718,621
Program costs	154,229	97,445	-	-	66,447	-	220,676
Equipment	8,690	-	-	-	-	-	8,690
Capital project	-	-	-	178,827	-	-	178,827
Offender Disbursements:							
Offender reimbursements	-	-	-	-	-	246,428	246,428
Offender savings paid at exit	-	-	-	-	-	3,317	3,317
<b>Total Cash Disbursements</b>	<b>4,019,562</b>	<b>97,445</b>	<b>31,288</b>	<b>178,827</b>	<b>67,798</b>	<b>249,745</b>	<b>4,547,220</b>
Disbursements from prior grant year (Including refund to ODRC)	131,464	-	-	-	-	-	131,464
<b>Total Receipts Over/(Under) Disbursements</b>	<b>313,043</b>	<b>(11,777)</b>	<b>-</b>	<b>-</b>	<b>(14,006)</b>	<b>4,115</b>	<b>303,152</b>
Fund Cash Balances, July 1	355,687	36,959	-	580	60,193	26,487	442,947
Fund Cash Balances, June 30	<u>\$ 668,730</u>	<u>\$ 25,182</u>	<u>\$ -</u>	<u>\$ 580</u>	<u>\$ 46,187</u>	<u>\$ 30,602</u>	<u>\$ 746,099</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 397,169</u>						

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

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Stark Regional Community Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2020*

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**Note 1 – Reporting Entity**

The Stark Regional Community 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 158 offenders. A Facility Governing Board oversees the Center’s operations. Common Pleas judges from the counties the Center serves comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Center Governing Board and advises the Facility Governing Board regarding Center matters. The Board includes at least one Common Pleas Court judge from each county the Center serves. The Center serves the following counties:

Holmes County                      Stark County                      Tuscarawas County  
Wayne County

For the year ended June 30, 2020, the financial statement presents all funds related to the Center.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Center’s financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

***Fund Accounting***

The Center 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 Center are presented below:

**State Appropriations and Grants**

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

***Justice Reinvestment and Incentive Grant*** Reports amounts received from the State government, including amounts passed through ODRC.

***Federal*** Reports amounts received from the Federal government, including amounts passed through the Canton City School District.

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

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Stark Regional Community Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**Offender Funds**

***Resident Program Fund*** ORC 2301.58 established the Resident Program Fund. Upon approval of the Center governing board, the director of the CBCF may establish a Resident Program Fund. The director shall deposit in the fund all revenues received by the Center from commissions on telephone systems, commissary operations, reimbursable costs such as per diem and medical services, and similar services.

***Offender Personal Fund*** Reports amounts a third party administrator, contracted by the Facility, receives and holds in a custodial capacity for each offender while confined. The third-party administrator, on behalf of the Facility, holds personal funds and maintains separate balances for each offender. The third-party administrator makes payments as directed by the offender or per program requirements. Upon release, the third-party administrator pays remaining funds to the offender.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Correction. This basis is similar to the cash receipts and disbursements accounting basis. The Center recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters the Ohio Department of Rehabilitation and Correction requires.

***Budgetary Process***

***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 appropriation. Facilities must obtain approval from ODRC to transfer amounts between budget categories.

***Encumbrances*** Disbursements from State appropriations and Grants are subject to Stark County's payment approval process. 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 3 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts not liquidated within sixty days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 5)

A summary of 2020 budgetary activity appears in Note 3.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Stark Regional Community Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Deposits and Investments***

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

***Capital Assets***

The Center records disbursements for acquisitions of capital assets 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.

**Note 3 – Budgetary Activity**

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2020 follows:

2020 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$ 4,464,069	\$ 4,497,669	\$ (33,600)

**Note 4 – 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 \$250,000 for Offender Funds. The Center had no uncollateralized amounts at June 30, 2020.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Stark Regional Community Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2020*

**Note 5 – Refund to ODRC**

The agreement between the County 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 year 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.

Refund to ODRC	
	2020
Cash, July 1	\$ 355,687
Disbursements Against Prior Year Budget	(131,464)
Payable to ODRC, July 1	-
Sub-Total	224,223
501 Cash Receipts	4,464,069
Budgetary Basis Disbursements	(4,497,669)
Amount Subject to Refund, June 30	190,623
One-Twelfth of 501 Award	(372,006)
Refundable to ODRC	\$ -

**Note 6 – Risk Management**

***Commercial Insurance***

The Center has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded coverage limits in any of the past three years and coverage limits have not decreased significantly since the prior year.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Center contributed an amount equaling 14% of participants’ gross salaries. The Center has paid all contributions required through June 30, 2020.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Stark Regional Community Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2020*

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**Note 8 – 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. OPERS contributed 0% of the employer contribution to fund these benefits in 2020.

**Note 9 – Contingent Liabilities**

*Litigation*

Management of the Center is not currently aware of any litigation that could materially adversely affect the Center's financial condition.

*Grants*

Amounts grantor agencies pay to the Center are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amount grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 10 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Center. The impact on the Center's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
**Stark Regional Community Correction Center**  
*Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balances*  
*For the Year Ended June 30, 2019*

	<b>State Appropriations and Grants</b>				<b>Offender Funds</b>		<b>Totals</b>
	ODRC 501-501	Justice Reinvestment and Incentive Grant	Federal	Capital CAP 003	Resident Program Fund	Offender Personal Funds	
<b>Cash Receipts:</b>							
Intergovernmental	\$ 4,176,211	\$ 117,630	\$ 15,644	\$ 368,834	\$ -	\$ -	\$ 4,560,689
Collections from offenders	-	-	-	-	238	237,875	238,113
Commissions	-	-	-	-	63,875	-	63,875
Miscellaneous Receipts	-	-	-	-	1,843	-	1,843
<b>Total Cash Receipts</b>	<b>4,176,211</b>	<b>117,630</b>	<b>15,644</b>	<b>368,834</b>	<b>65,956</b>	<b>237,875</b>	<b>4,864,520</b>
<b>Cash Disbursements:</b>							
Personnel	3,056,308	-	15,644	-	-	-	3,071,952
Operating costs	785,046	-	-	-	1,954	-	787,000
Program costs	168,929	226,005	-	-	39,801	-	208,730
Equipment	28,829	-	-	-	-	-	28,829
Capital project	-	-	-	368,834	-	-	368,834
Offender Disbursements:							
Offender reimbursements	-	-	-	-	-	276,492	276,492
Offender savings paid at exit	-	-	-	-	-	3,542	3,542
<b>Total Cash Disbursements</b>	<b>4,039,112</b>	<b>226,005</b>	<b>15,644</b>	<b>368,834</b>	<b>41,755</b>	<b>280,034</b>	<b>4,745,379</b>
Disbursements from prior FY (Including refund to ODRC)	129,323	-	-	-	-	-	129,323
<b>Total Receipts Over/(Under) Disbursements</b>	<b>7,776</b>	<b>(108,375)</b>	<b>-</b>	<b>-</b>	<b>24,201</b>	<b>(42,159)</b>	<b>(10,182)</b>
Fund Cash Balances, July 1	347,911	145,334	-	580	35,992	68,646	453,129
Fund Cash Balances, June 30	<u>\$ 355,687</u>	<u>\$ 36,959</u>	<u>\$ -</u>	<u>\$ 580</u>	<u>\$ 60,193</u>	<u>\$ 26,487</u>	<u>\$ 442,947</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 75,977</u>						

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



**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Stark Regional Community Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2019*

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**Note 1 – Reporting Entity**

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Holmes County	Stark County	Tuscarawas County
Wayne County		

For the year ended June 30, 2019, the financial statement presents all funds related to the Center.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Center’s financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

***Fund Accounting***

The Center 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 Center are presented below:

**State Appropriations and Grants**

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

***Justice Reinvestment and Incentive Grant*** Reports amounts received from the State government, including amounts passed through ODRC.

***Federal*** Reports amounts received from the Federal government, including amounts passed through the Canton City School District.

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

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Stark Regional Community Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**Offender Funds**

***Resident Program Fund*** ORC 2301.58 established the Resident Program Fund. Upon approval of the Center governing board, the director of the CBCF may establish a Resident Program Fund. The director shall deposit in the fund all revenues received by the Center from commissions on telephone systems, commissary operations, reimbursable costs such as per diem and medical services, and similar services.

***Offender Personal Fund*** Reports amounts a third party administrator, contracted by the Facility, receives and holds in a custodial capacity for each offender while confined. The third-party administrator, on behalf of the Facility, holds personal funds and maintains separate balances for each offender. The third-party administrator makes payments as directed by the offender or per program requirements. Upon release, the third-party administrator pays remaining funds to the offender.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Correction. This basis is similar to the cash receipts and disbursements accounting basis. The Center recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters the Ohio Department of Rehabilitation and Correction requires.

***Budgetary Process***

***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 appropriation. Facilities must obtain approval from ODRC to transfer amounts between budget categories.

***Encumbrances*** Disbursements from State appropriations and Grants are subject to Stark County's payment approval process. 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 3 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts not liquidated within sixty days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 5)

A summary of 2019 budgetary activity appears in Note 3.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Stark Regional Community Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Deposits and Investments***

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

***Capital Assets***

The Center records disbursements for acquisitions of capital assets 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.

**Note 3 – Budgetary Activity**

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2019 follows:

2019 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$ 4,176,211	\$ 4,139,766	\$ 36,445

**Note 4 – 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 \$250,000 for Offender Funds. The Center had no uncollateralized amounts at June 30, 2019.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Stark Regional Community Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2019*

**Note 5 – Refund to ODRC**

The agreement between the County 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 year 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.

Refund to ODRC	
	2019
Cash, July 1	\$ 347,911
Disbursements Against Prior Year Budget	(129,323)
Payable to ODRC, July 1	-
Sub-Total	218,588
501 Cash Receipts	4,176,211
Budgetary Basis Disbursements	(4,139,766)
Amount Subject to Refund, June 30	255,033
One-Twelfth of 501 Award	(348,018)
Refundable to ODRC	\$ -

**Note 6 – Risk Management**

*Commercial Insurance*

The Center has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded coverage limits in any of the past three years and coverage limits have not decreased significantly since the prior year.

**Note 7 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Center contributed an amount equaling 14% of participants’ gross salaries. The Center has paid all contributions required through June 30, 2019.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Stark Regional Community Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2019*

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**Note 8 – 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. OPERS contributed 0% of the employer contribution to fund these benefits.

**Note 9 – Contingent Liabilities**

*Litigation*

Management of the Center is not currently aware of any litigation that could materially adversely affect the Center's financial condition.

*Grants*

Amounts grantor agencies pay to the Center are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amount grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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

Stark Regional Community Correction Center  
Stark County  
4433 Lesh Street NE  
Louisville, OH 44641

To the Members of the Facility Governing Board:

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 by fund type of the Stark Regional Community Correction Center, Stark County, Ohio (the Center) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated October 29, 2020, wherein we noted the Center followed financial reporting provisions the Ohio Department of Rehabilitation and Correction permits. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Center.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the 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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Center'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2020-001 in the Schedule of Findings to be a material weakness.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Center'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 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 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*.

***Entity's Response to Finding***

The Center's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Center's response and, accordingly, we express no opinion on it.

***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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



*Charles E. Harris & Associates, Inc.*  
October 29, 2020



*Stark Regional Community Correction Center*

*Stark County*

Schedule of Findings

June 30, 2020 and 2019

<p><b>Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS</b></p>
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**Finding Number: 2020-001 – Material Weakness**

**Audit Adjustments and Reclassifications**

During 2020 and 2019, errors were noted in the Center’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In 2019, the beginning balance entered into Quickbooks in the Offender Personal Funds was understated due to a timing difference in the Cash Reconciliation between reporting years.
- In 2020, the Commission Receipts entered into Quickbooks in the Resident Program Fund were reported as Collections from Offenders Receipt in the Hinkle report.
- In 2019, some ODRC Program Cost Disbursements were reported as Operating Cost Disbursements in the Hinkle report, however, they were correctly reported in the Intelligrants System to ODRC.

The accompanying financial statements have been adjusted to properly reflect these transactions. Sound financial reporting is the responsibility of the Center and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Center adhere to its policies and procedures to identify and correct errors and omissions in a timely manner.

**Management’s Response:**

See Corrective Action Plan.

***Stark Regional Community Correction Center***  
*Stark County*  
 Corrective Action Plan  
 June 30, 2020 and 2019

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2020-001	<p>The Director and Deputy Director routinely meet to review fiscal matters. In preparing for Hinkle submissions, the Facility hired an independent accounting firm to work with and train the bookkeeper on Quickbooks to ensure data entry was inclusive and accurate. This included documentation for the Hinkle report. The vendor has not been used since this training and the bookkeeper has been removed. The new bookkeeper is providing accurate reports from Quickbooks and is meeting expectations.</p> <p>The deputy director will provide updated financial statement documentation and suggest changes if necessary prior to filing the Hinkle report in the future.</p>	Immediately	Craig Prysock Sheila Gard Pennie Thomas

# OHIO AUDITOR OF STATE KEITH FABER



**STARK REGIONAL COMMUNITY CORRECTION CENTER**

**STARK 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 1/28/2021**

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)