

***EASTERN OHIO CORRECTION CENTER***

**JEFFERSON COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended June 30, 2018 and 2017**





# OHIO AUDITOR OF STATE KEITH FABER



Governing Board  
Eastern Ohio Correction Center  
PO Box 2400  
Wintersville, Ohio 43953

We have reviewed the *Independent Auditor's Report* of the Eastern Ohio Correction Center, Jefferson County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2016 through June 30, 2018. 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. The Eastern Ohio Correction Center is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

February 21, 2019

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***EASTERN OHIO CORRECTION CENTER***  
**JEFFERSON COUNTY, OHIO**  
**Audit Report**  
**For the years ended June 30, 2018 and 2017**

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**INDEPENDENT AUDITOR'S REPORT**

Eastern Ohio Correction Center  
Jefferson County  
P.O. Box 2400  
Wintersville, Ohio 43953

To the Members of the Judicial Advisory Board and 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 Eastern Ohio Correction Center, Jefferson County, Ohio (the Center), as of and for the years ended June 30, 2018 and 2017.

***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***

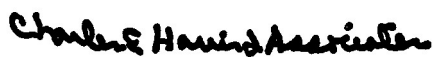
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Center as of June 30, 2018 and 2017, 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 Eastern Ohio Correction Center, Jefferson County, Ohio, as of June 30, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Correction permits, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2018, 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.  
November 25, 2018



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

*Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balances*  
*For the Year Ended June 30, 2018*

	State Appropriations and Grants				Offender Funds		Totals	
	ODRC 501-501	Federal Grant Match	TCAP Grants	Federal	Capital CAP 003	RCA Resident Program		Offender Personal Funds
<b>Cash Receipts:</b>								
Intergovernmental	\$ 3,214,668	\$ 220,581	\$ 53,594	\$ 5,974	\$ 31,930	\$ -	\$ -	\$ 3,526,747
Receipts for offenders	-	-	-	-	-	-	266,239	266,239
Collections from offenders	-	-	-	-	-	19,218	-	19,218
Commissions	-	-	-	-	-	54,899	-	54,899
Reimbursements	20,030	-	-	-	-	95,074	-	115,104
Miscellaneous Receipts	-	-	-	-	-	7,901	-	7,901
Donations	-	-	-	-	-	2,500	-	2,500
<b>Total Cash Receipts</b>	<b>3,234,698</b>	<b>220,581</b>	<b>53,594</b>	<b>5,974</b>	<b>31,930</b>	<b>179,592</b>	<b>266,239</b>	<b>3,992,608</b>
<b>Cash Disbursements:</b>								
Personnel	2,380,655	15,346	27,403	-	-	-	-	2,423,404
Operating costs	681,903	607	-	-	-	23,665	-	706,175
Program costs	93,598	28,684	3,250	-	-	140,934	-	266,466
Equipment	6,245	4,547	-	5,974	-	11,433	-	28,199
Capital project	-	-	-	-	31,930	-	-	31,930
Offender Disbursements:								
Offender legal obligations	-	-	-	-	-	-	2,124	2,124
Offender reimbursements	-	-	-	-	-	-	194,182	194,182
Offender payments to CBCF	-	-	-	-	-	-	26,497	26,497
Offender savings paid at exit	-	-	-	-	-	-	42,101	42,101
<b>Total Cash Disbursements</b>	<b>3,162,401</b>	<b>49,184</b>	<b>30,653</b>	<b>5,974</b>	<b>31,930</b>	<b>176,032</b>	<b>264,904</b>	<b>3,721,078</b>
Disbursements from prior FY (Including refund to ODRC)	103,897	-	-	-	-	-	-	103,897
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(31,600)</b>	<b>171,397</b>	<b>22,941</b>	<b>-</b>	<b>-</b>	<b>3,560</b>	<b>1,335</b>	<b>167,633</b>
Fund Cash Balances, July 1	207,761	-	-	14,112	-	45,053	6,168	273,094
Fund Cash Balances, June 30	<u>\$ 176,161</u>	<u>\$ 171,397</u>	<u>\$ 22,941</u>	<u>\$ 14,112</u>	<u>\$ -</u>	<u>\$ 48,613</u>	<u>\$ 7,503</u>	<u>\$ 440,727</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 49,399</u>							

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

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Eastern Ohio Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2018*

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**Note 1 – Reporting 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 76 male offenders at its facility in Wintersville and 25 female offenders at its facility in Lisbon. A Facilities 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 Facilities 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:

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

For the year ended June 30, 2018, 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 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.

***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**  
*Eastern Ohio Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2018*

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Corrections. 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 Corrections 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 Jefferson 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 ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 5)

A summary of 2018 budgetary activity appears in Note 3.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Eastern Ohio Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2018*

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

***Deposits and Investments***

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 deposit and investment pool, valued at the County Treasurer’s reported carrying amount. The Center holds offenders’ cash in demand deposit accounts.

***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, 2018 follows:

2018 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$ 3,214,668	\$ 3,211,800	\$ 2,868

**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, 2018.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Eastern Ohio Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2018*

**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	
	2018
Cash, July 1	\$ 207,761
Disbursements Against Prior Year Budget	(103,897)
Payable to ODRC, July 1	-
Sub-Total	103,864
501 Cash Receipts	3,214,668
Budgetary Basis Disbursements	(3,211,800)
Amount Subject to Refund, June 30	106,732
One-Twelfth of 501 Award	(267,889)
Refundable to ODRC	\$ (161,157)

**Note 6 – Risk Management**

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among forty-one counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a primary group and excess insurance/self insurance and risk management program. Member counties agree to jointly participate in coverage losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' error and omissions liability insurance.

Each member, one from each member County, has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member's County's control over budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member Counties' obligation to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County does not have an equity interest or a financial responsibility.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Eastern Ohio Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2018*

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**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, 2018.

**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 1% of the employer contribution to fund these benefits.

**Note 9 – Contingent Liabilities**

The Center may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, the Center's counsel believes the resolution of any matter will not materially adversely affect the Center's financial condition.

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

*Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balances  
For the Year Ended June 30, 2017*

	State Appropriations and Grants			Offender Funds		Totals
	ODRC 501-501	Federal	Capital CAP 003	RCA Resident Program	Offender Personal Funds	
<b>Cash Receipts:</b>						
Intergovernmental	\$ 3,277,817	\$ 49,064	\$ 56,742	\$ -	\$ -	\$ 3,383,623
Receipts for offenders	-	-	-	-	227,516	227,516
Collections from offenders	-	-	-	13,769	-	13,769
Commissions	-	-	-	38,101	-	38,101
Reimbursements	-	-	-	50,032	-	50,032
Miscellaneous Receipts	-	-	-	4,416	-	4,416
Donations	-	-	-	1,500	-	1,500
<b>Total Cash Receipts</b>	<b>3,277,817</b>	<b>49,064</b>	<b>56,742</b>	<b>107,818</b>	<b>227,516</b>	<b>3,718,957</b>
<b>Cash Disbursements:</b>						
Personnel	2,376,178	-	-	-	-	2,376,178
Operating costs	685,137	8,676	-	14,620	-	708,433
Program costs	113,951	4,297	-	77,118	-	195,366
Equipment	7,295	37,732	-	1,966	-	46,993
Capital project	-	-	56,742	-	-	56,742
Offender Disbursements:						
Offender legal obligations	-	-	-	-	240	240
Offender reimbursements	-	-	-	-	173,190	173,190
Offender payments to CBCF	-	-	-	-	20,950	20,950
Offender savings paid at exit	-	-	-	-	29,805	29,805
<b>Total Cash Disbursements</b>	<b>3,182,561</b>	<b>50,705</b>	<b>56,742</b>	<b>93,704</b>	<b>224,185</b>	<b>3,607,897</b>
Disbursements from prior FY (Including refund to ODRC)	226,420	-	-	-	-	226,420
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(131,164)</b>	<b>(1,641)</b>	<b>-</b>	<b>14,114</b>	<b>3,331</b>	<b>(115,360)</b>
Fund Cash Balances, July 1	338,925	15,753	-	30,939	2,837	388,454
Fund Cash Balances, June 30	\$ 207,761	\$ 14,112	\$ -	\$ 45,053	\$ 6,168	\$ 273,094
Unpaid Obligations/Open Purchase Orders	\$ 94,481					

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

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Eastern Ohio Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2017*

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**Note 1 – Reporting Entity**

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Guernsey County	Harrison County	Jefferson County
Monroe County	Noble County	

For the year ended June 30, 2017, 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**

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***Federal*** Reports amounts received from the Federal government, including amounts passed through ODRC.

***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**  
*Eastern Ohio Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2017*

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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.

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***Basis of Accounting***

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Corrections. 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 Corrections 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 Jefferson 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 ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 5)

A summary of 2017 budgetary activity appears in Note 3.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Eastern Ohio Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2017*

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

***Deposits and Investments***

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 deposit and investment pool, valued at the County Treasurer’s reported carrying amount. The Center holds offenders’ cash in demand deposit accounts.

***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, 2017 follows:

2017 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$ 3,277,817	\$ 3,277,042	\$ 775

**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, 2017.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Eastern Ohio Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2017*

**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	
	2017
Cash, July 1	\$ 338,925
Disbursements Against Prior Year Budget	(226,420)
Payable to ODRC, July 1	-
Sub-Total	112,505
501 Cash Receipts	3,277,817
Budgetary Basis Disbursements	(3,277,042)
Amount Subject to Refund, June 30	113,280
One-Twelfth of 501 Award	(273,151)
Refundable to ODRC	\$ (159,871)

**Note 6 – Risk Management**

The County Risk Sharing Authority, Inc. (CORSA) is a public entity shared risk pool among forty-one counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a primary group and excess insurance/self insurance and risk management program. Member counties agree to jointly participate in coverage losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' error and omissions liability insurance.

Each member, one from each member County, has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member's County's control over budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member Counties' obligation to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County does not have an equity interest or a financial responsibility.

**Ohio Department of Rehabilitation and Correction**  
**Community Based Correctional Facility**  
*Eastern Ohio Correction Center*  
*Notes to the Financial Statements*  
*For the Year Ended June 30, 2017*

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**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, 2017.

**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 contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 – Contingent Liabilities**

The Center may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, the Center's counsel believes the resolution of any matter will not materially adversely affect the Center's financial condition.

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*

Eastern Ohio Correction Center  
Jefferson County  
P.O. Box 2400  
Wintersville, Ohio 43953

To the Members of the Judicial Advisory Board and 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 Eastern Ohio Correction Center, Jefferson County, Ohio (the Center) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated November 25, 2018, wherein we noted the Center followed financial reporting provisions the Ohio Department of Rehabilitation and Correction permits.

***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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

***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*.

We did note certain matters not requiring inclusion in this report that we reported to the Center's management in a separate letter dated November 25, 2018.

***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 Harris Associates*

***Charles E. Harris & Associates, Inc.***  
November 25, 2018

EASTERN OHIO CORRECTION CENTER  
JEFFERSON COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management  
June 30, 2018 and 2017

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2016-001	Material Weakness – Mispostings and Misclassifications Resulting in Financial Statement Adjustments	Partially corrected	N/A

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# OHIO AUDITOR OF STATE KEITH FABER



**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  
MARCH 5, 2019**