

***STARK REGIONAL COMMUNITY
CORRECTION CENTER***

STARK COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021



OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

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, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2020 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 02, 2023

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STARK REGIONAL COMMUNITY CORRECTION CENTER
STARK COUNTY, OHIO
Regular Audit
For the Years Ended June 30, 2022 and 2021

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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Stark Regional Community Correction Center, Stark County, Ohio (the Center), which comprises the cash balances, receipts and disbursements for each fund as of and for the year ended June 30, 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund as of and for the year ended June 30, 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Correction permits, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Center, as of December 31, 2021, or the changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Center on the basis of the financial reporting provisions of 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. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 10 to the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Correction permits. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2022, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 27, 2022

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, 2022

	State Appropriations and Grants				Offender Funds			Totals
	ODRC 501-501	COVID-19	Justice Reinvestment and Incentive Grant	Federal	Capital CAP 003	RCA Resident Program	Offender Personal Funds	
Cash Receipts:								
Intergovernmental	\$ 4,474,264	\$ 15,775	\$ 84,600	\$ 23,466	\$ -	\$ -	\$ -	\$ 4,598,105
Collections from offenders	-	-	-	-	-	-	261,800	261,800
Commissions	-	-	-	-	-	80,076	-	80,076
Miscellaneous Receipts	285	-	-	-	-	450	-	735
Total Cash Receipts	4,474,549	15,775	84,600	23,466	-	80,526	261,800	4,940,716
Cash Disbursements:								
Personnel	3,104,766	-	-	23,466	-	-	-	3,128,232
Operating costs	822,135	12,847	-	-	-	-	-	834,982
Program costs	162,378	-	41,097	-	-	43,994	-	247,469
Equipment	4,663	-	-	-	-	-	-	4,663
Offender Disbursements:								
Offender reimbursements	-	-	-	-	-	-	276,891	276,891
Offender savings paid at exit	-	-	-	-	-	-	2,731	2,731
Total Cash Disbursements	4,093,942	12,847	41,097	23,466	-	43,994	279,622	4,494,968
Total Receipts Over/(Under) Disbursements	380,607	2,928	43,503	-	-	36,532	(17,822)	445,748
Fund Cash Balances, July 1	562,631	-	37,629	-	580	74,967	39,562	715,369
Fund Cash Balances, June 30	<u>\$ 943,238</u>	<u>\$ 2,928</u>	<u>\$ 81,132</u>	<u>\$ -</u>	<u>\$ 580</u>	<u>\$ 111,499</u>	<u>\$ 21,740</u>	<u>\$ 1,161,117</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 483,557</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, 2022

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, 2022, 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 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.

Covid-19 Fund This fund receives Federal money distributed by the State of Ohio and the Office of Criminal Justice Services to pay for expenses related to the COVID-19 Pandemic.

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, 2022

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 system and vending operations.

Offender Personal Funds This fund reports amounts from Genesis system by Command. All funds are deposited to specific clients via kiosk or credit card. Bank deposits are completed and reconciled to Genesis. Clients use their funds to purchase vending items or services from Genesis, such as email. If there are remaining funds at time of discharge, then those funds can be requested to be placed on a debit card.

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 regarding budget revisions.

Encumbrances Disbursements from County appropriations and Grants are subject to Stark County Auditors 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 2022 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, 2022

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 County 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 deposits cash from kiosk to appropriate checking 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, 2022 follows:

2022 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$ 4,474,264	\$ 4,577,499	\$ (103,235)

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, 2022.

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, 2022

Note 5 – Refund to ODRC

The agreement between the Center and ODRC permits the Center to retain a maximum of one-twenty-fourth of the grant award after liquidating encumbrances outstanding at June 30. The Center must refund any excess over this amount to ODRC. As of July 1, 2019, the ODRC operating grant became a biannual grant. No amounts are payable or due to ODRC until the end of the current period (July 1, 2022 – June 30, 2023.)

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 Plan

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, 2022.

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 FY 2022.

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.

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, 2022

Note 9 – Contingent Liabilities (Continued)

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 – COVID-19

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

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 for each fund of the Stark Regional Community Correction Center, Stark County, Ohio (the Center) as of and for the year ended June 30, 2022, and the related notes to the financial statements and have issued our report thereon dated December 27, 2022, 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.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions 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 a 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.

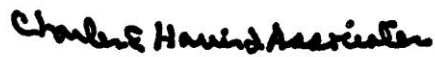
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.
December 27, 2022

INDEPENDENT AUDITORS' 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 for each fund, and related notes of the Stark Regional Community Correction Center, Stark County, Ohio (the Center), as of and for the year ended June 30, 2021.

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 requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support 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, 2021, and changes in financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

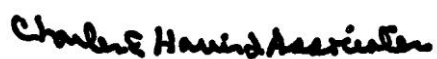
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each fund and related notes of the Stark Regional Community Correction Center, Stark County, Ohio, as of June 30, 2021, for the year then ended in accordance 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 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 December 27, 2022, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.
December 27, 2022

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, 2021

	State Appropriations and Grants					Offender Funds		Totals
	ODRC 501-501	COVID-19	Justice Reinvestment and Incentive Grant	Federal	Capital CAP 003	RCA Resident Program	Offender Personal Funds	
Cash Receipts:								
Intergovernmental	\$ 4,464,069	\$ 153,868	\$ 85,668	\$ 23,466	\$ 12,852	\$ -	\$ -	\$ 4,739,923
Collections from offenders	-	-	-	-	-	-	336,308	336,308
Commissions	-	-	-	-	-	75,847	-	75,847
Miscellaneous Receipts	-	-	-	-	-	1,490	-	1,490
Total Cash Receipts	4,464,069	153,868	85,668	23,466	12,852	77,337	336,308	5,153,568
Cash Disbursements:								
Personnel	3,273,739	44,959	-	23,466	-	-	-	3,342,164
Operating costs	802,595	62,052	30,780	-	-	-	-	895,427
Program costs	166,331	750	42,441	-	-	48,557	-	258,079
Equipment	327,503	46,107	-	-	-	-	-	373,610
Capital project	-	-	-	-	12,852	-	-	12,852
Offender Disbursements:								
Offender reimbursements	-	-	-	-	-	-	320,423	320,423
Offender savings paid at exit	-	-	-	-	-	-	6,925	6,925
Total Cash Disbursements	4,570,168	153,868	73,221	23,466	12,852	48,557	327,348	5,136,259
Total Receipts Over/(Under) Disbursements	(106,099)	-	12,447	-	-	28,780	8,960	(55,912)
Fund Cash Balances, July 1	668,730	-	25,182	-	580	46,187	30,602	771,281
Fund Cash Balances, June 30	<u>\$ 562,631</u>	<u>\$ -</u>	<u>\$ 37,629</u>	<u>\$ -</u>	<u>\$ 580</u>	<u>\$ 74,967</u>	<u>\$ 39,562</u>	<u>\$ 715,369</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 162,951</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, 2021

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, 2021, 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 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.

Covid-19 Fund This fund receives Federal money distributed by the State of Ohio and the Office of Criminal Justice Services to pay for expenses related to the COVID-19 Pandemic.

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, 2021

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 system and vending operations.

Offender Personal Funds This fund reports amounts from Genesis system by Command. All funds are deposited to specific clients via kiosk or credit card. Bank deposits are completed and reconciled to Genesis. Clients use their funds to purchase vending items or services from Genesis, such as email. If there are remaining funds at time of discharge, then those funds can be requested to be placed on a debit card.

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 regarding budget revisions.

Encumbrances Disbursements from County appropriations and Grants are subject to Stark County Auditors 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 2021 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, 2021

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 County 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 deposits cash from kiosk to appropriate checking 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, 2021 follows:

2021 Budgeted vs. Actual Budgetary Basis Disbursements		
Appropriation Authority	Budgetary Disbursements	Variance
\$ 4,464,069	\$ 4,722,547	\$ (258,478)

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, 2021.

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, 2021

Note 5 – Refund to ODRC

The agreement between the Center and ODRC permits the Center to retain a maximum of one-twenty-fourth 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	
	2021
Cash, July 1	\$ 668,730
Disbursements Against Prior Year Budget	-
Payable to ODRC, July 1	-
Sub-Total	668,730
501 Cash Receipts	4,464,069
Budgetary Basis Disbursements, August 31	(5,060,938)
Amount Subject to Refund	71,861
One-Twelfth of 501 Award	(372,006)
Refundable to ODRC	\$ (300,145)

Refund to ODRC is based on the fiscal year end June 30, 2021. ODRC extended the usage of the funds through August 31, 2021, of which are included in the calculation above.

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.

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, 2021

Note 7 – Defined Benefit Pension Plan

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, 2021.

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 FY 2021.

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 – COVID-19

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

Charles E. Harris & Associates, Inc.

Certified Public Accountants

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 for each fund of the Stark Regional Community Correction Center, Stark County, Ohio (the Center) as of and for the year ended June 30, 2021, and the related notes to the financial statements and have issued our report thereon dated December 27, 2022, 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Center's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Stark Regional Community Correction Center
Stark County
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
Accordant with *Government Auditing Standards*
Page 2

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, opining 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
December 27, 2022

Stark Regional Community Correction Center
Stark County
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Years Ended June 30, 2022 and 2021
Prepared by Management

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting – Material Weakness	Corrected	

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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 3/14/2023

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

This report is a matter of public record and is available online at
www.ohioauditor.gov