



Mary Taylor, CPA
Auditor of State

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

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Mary Taylor, CPA

Auditor of State

Eastern Ohio Correction Center
Jefferson County
470 State Route 43
Wintersville, Ohio 43953

To the Members of the Judicial Advisory Board and Facility Governing Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While the Ohio Department of Rehabilitations and Corrections (ODRC) does not require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format ODRC prescribes or permits.

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Mary Taylor, CPA
Auditor of State

April 20, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Eastern Ohio Correction Center
Jefferson County
470 State Route 43
Wintersville, Ohio 43953

To the Members of the Judicial Advisory Board and Facility Governing Board:

We have audited the accompanying financial statements of Eastern Ohio Correction Center, Jefferson County, (the Center) as of and for the years ended June 30, 2006 and 2005. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Center has prepared these financial statements using accounting practices the Ohio Department of Rehabilitation and Corrections prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Center does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Center uses. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended June 30, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Center as of April 20, 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances and unpaid obligations of the Eastern Ohio Correction Center, Jefferson County, as of June 30, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Center has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2008 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor, CPA
Auditor of State

April 20, 2009

OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
COMMUNITY BASED CORRECTIONAL FACILITY
EAST OHIO CORRECTION CENTER

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE PERIOD ENDED JUNE 30, 2005**

	<u>State Appropriations and Grants</u>				<u>Offender Funds</u>					<u>Totals</u>
	ODRC 501-501	Federal Grant Match	Federal	Capital CAP 003	Offender Per Diem	Offender Personal Funds	Telephone Commissions	Commissary	Other/ Misc.	
Cash Receipts:										
Intergovernmental	2,990,566	66,869	294,469	8,362						3,360,266
Receipts for offenders					16,582	\$119,176			\$2,185	137,943
Collections from offenders								\$33,736		33,736
Commissions							\$35,524			35,524
Reimbursement										
Transfer In/Out										
Total Cash Receipts	<u>2,990,566</u>	<u>66,869</u>	<u>294,469</u>	<u>8,362</u>	<u>16,582</u>	<u>119,176</u>	<u>35,524</u>	<u>33,736</u>	<u>2,185</u>	<u>3,567,469</u>
Cash Disbursements:										
Personnel	2,261,364	50,016	184,025							2,495,405
Operating costs	549,613	3,056	10,698						2,185	565,552
Program costs	41,868	13,655	52,646				35,524	18,543		162,236
Equipment	5,586	142	561							6,289
Capital project	44,398			8,362						52,760
Offender Disbursements:										
Offender legal obligations						86,776				86,776
Offender reimbursements					16,582					16,582
Offender payments to CBCF										
Offender savings paid at exit						38,561				38,561
Total Cash Disbursements	<u>2,902,829</u>	<u>66,869</u>	<u>247,930</u>	<u>8,362</u>	<u>16,582</u>	<u>125,337</u>	<u>35,524</u>	<u>18,543</u>	<u>2,185</u>	<u>3,424,161</u>
Disbursements from prior FY (Including refund to ODRC)	<u>138,390</u>		<u>26,688</u>							<u>165,078</u>
Total Receipts Over/(Under) Disbursements	<u>(50,653)</u>		<u>19,851</u>			<u>(6,161)</u>		<u>15,193</u>		<u>(21,770)</u>
Fund Cash Balances, July 1, 2004	<u>105,415</u>		<u>17,963</u>		<u>141</u>	<u>9,139</u>	<u>248</u>	<u>508</u>	<u>2,185</u>	<u>135,599</u>
Fund Cash Balances, June 30, 2005	<u>\$54,762</u>		<u>\$37,814</u>		<u>\$141</u>	<u>\$2,978</u>	<u>\$248</u>	<u>\$15,701</u>	<u>\$2,185</u>	<u>\$113,829</u>
Unpaid Obligations/Open Purchase Orders	<u>\$60,948</u>		<u>\$ 11,324</u>							

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
COMMUNITY BASED CORRECTIONAL FACILITY
EAST OHIO CORRECTION CENTER**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE PERIOD ENDED JUNE 30, 2006**

	State Appropriations and Grants			Offender Funds						
	ODRC 501-501	Federal Grant Match	Federal	Capital CAP 003	Offender Per Diem	Offender Personal Funds	Telephone Commissions	Commissary	Other/ Misc.	Totals
Cash Receipts:										
Intergovernmental	\$2,867,244	\$22,200	\$244,926		0	0	0	0	0	3,134,370
Receipts for offenders					27,355					27,355
Collections from offenders						144,952				144,952
Commissions							58,561	30,568		89,129
Reimbursement	43,044								3,602	46,646
Transfer In/Out	(23,100)		23,100							
Total Cash Receipts	2,887,188	22,200	268,026		27,355	144,952	58,561	30,568	3,602	3,442,452
Cash Disbursements:										
Personnel	2,132,096	22,200	43,919							2,198,215
Operating costs	525,073		34,190						3,670	562,933
Program costs	121,200		101,326				57,092	34,660		314,278
Equipment	37,651		46,898							84,549
Capital project										
Offender Disbursements:										
Offender legal obligations										
Offender reimbursements						135,372				135,372
Offender payments to CBCF					26,575					26,545
Offender savings paid at exit										
Total Cash Disbursements	2,816,020	22,200	226,333		26,575	135,372	57,092	34,660	3,670	3,321,922
Disbursements from prior FY (Including refund to ODRC)	40,463									40,463
Total Receipts Over/(Under) Disbursements	30,705		41,693		780	9,580	1,469	(4,092)	(68)	80,067
Fund Cash Balances, July 1, 2005	54,762		37,814		141	2,978	248	15,701	2,185	113,829
Fund Cash Balances, June 30, 2006	<u>\$85,467</u>		<u>\$79,507</u>	<u>\$0</u>	<u>\$921</u>	<u>\$12,558</u>	<u>\$1,717</u>	<u>\$11,609</u>	<u>\$2,117</u>	<u>\$193,896</u>
Unpaid Obligations/Open Purchase Orders	<u>\$77,346</u>									

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Eastern Ohio Correction Center provides an alternative to prison incarceration for felony offenders. The Center is the last step in the continuum of increasing punishment before prison incarceration. The Center is a minimum security operation housing approximately 75 male offenders at its facility in Wintersville and approximately 25 female offenders at its facility in Lisbon. A Facilities Governing Board oversees the facilities' 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 Facility Governing Board and advises the Facilities Governing Board regarding Facility matters. The Board includes at least one common pleas court judge from each county the Facility serves. The Facility 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, 2006 and 2005, the financial statements present all funds related to the Center.

B. Basis of Accounting

These financial statements follow the basis of accounting the Ohio Department of Rehabilitation and Corrections prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Facility recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred

These statements adequately disclose material matters the Ohio Department of Rehabilitation and Corrections requires.

C. 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.

The County credits earnings on Center investments to the County's General Fund.

D. Fund Accounting

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

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.

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

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

Offender Funds

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

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

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

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

Other/Miscellaneous:

This fund pays for programs and services benefiting offenders, such as indigent offenders' supplies and entertainment.

E. Budgetary Process

1. Appropriations

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

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. 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 2 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 3.)

A summary of 2006 and 2005 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

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

G. 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.

2. BUDGETARY ACTIVITY

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2006 and 2005 follows:

2006 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,867,244	\$2,854,121	\$13,123

2005 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,990,566	\$2,781,201	\$209,365

3. COLLATERAL ON DEPOSITS AND INVESTMENTS

Grants and State Appropriations

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

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(Continued)**

3. COLLATERAL ON DEPOSITS AND INVESTMENTS - (Continued)

Offender Funds

Deposits

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

4. REFUND TO ODRC

The agreement between the 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 years ending June 30. Disbursements below include cash paid to liquidate encumbrances outstanding at June 30 and exclude disbursements made during the fiscal year against amounts encumbered the prior June 30. The Center refunds amounts computed below in the fiscal year following the computation below.

Refund to ODRC		
	2006	2005
Cash, July 1	\$54,762	\$105,415
Disbursements Against Prior Year Budget Payable to ODRC, July 1	(\$40,463)	(\$138,390)
Sub-Total	\$14,299	(\$32,975)
501 Cash Receipts	2,867,244	2,990,566
Budgetary Basis Disbursements	(2,854,121)	(2,781,201)
Amount Subject to Refund, June 30	\$27,422	\$176,390
One-Twelfth of 501 Award	238,937	249,214
Refundable to ODRC	238,937	249,214

5. RETIREMENT SYSTEMS

The Center's employees belong to the Ohio Public Employees Retirement System (OPERS). Certified teachers belong to the State Teachers Retirement System (STRS). OPERS and STRS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes plan benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 and 8.5 percent of their gross salaries and the Center contributed an amount equaling 13.7 and 13.55 percent, respectively, of participants' gross salaries. For 2006 and 2005, STRS members contributed 10 percent of their gross salaries to STRS. The Center contributed an amount equal to 14 percent of participants' gross salaries to STRS. The Center has paid all contributions required through June 30, 2006.

**EASTERN OHIO CORRECTION CENTER
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

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

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Mary Taylor, CPA

Auditor of State

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

Eastern Ohio Correction Center
Jefferson County
470 State Route 43
Wintersville, Ohio 43953

To the Members of the Judicial Advisory Board and Facility Governing Board:

We have audited the financial statements of the Eastern Ohio Correction Center, Jefferson County, (the Center) as of and for the years ended June 30, 2006 and 2005, and have issued our report thereon dated April 20, 2009, wherein we noted the Center followed accounting practices the Ohio Department of Rehabilitations and Corrections prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Center's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Center's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Center's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Facility's management in a separate letter dated April 20, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Center's management in a separate letter dated April 20, 2009.

We intend this report solely for the information and use of the management and the Facility Governing Board and the Judicial Advisory Board. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 20, 2009



Mary Taylor, CPA
Auditor of State

EASTERN OHIO CORRECTION CENTER

JEFFERSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 28, 2009**