

***TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017***





OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Commissioners  
Tri-County Regional Jail  
4099 SR 559  
Mechanicsburg, Ohio 43044

We have reviewed the *Independent Auditor's Report* of the Tri-County Regional Jail, Champaign County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2017 through December 31, 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 Tri-County Regional Jail 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

August 23, 2019

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**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY  
AUDIT REPORT  
For Years Ending December 31, 2018 and 2017**

**TABLE OF CONTENTS**

<b><u>Title</u></b>	<b><u>Page</u></b>
<b>Independent Auditor’s Report</b>	<b>1-2</b>
<b>Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2018</b>	<b>3</b>
<b>Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – Agency Fund Type For the Year Ended December 31, 2018</b>	<b>4</b>
<b>Notes to the Financial Statements – For the Year Ended December 31, 2018</b>	<b>5-8</b>
<b>Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2017</b>	<b>9</b>
<b>Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – Agency Fund Type For the Year Ended December 31, 2017</b>	<b>10</b>
<b>Notes to the Financial Statements – For the Year Ended December 31, 2017</b>	<b>11-15</b>
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i></b>	<b>16-17</b>

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**INDEPENDENT AUDITOR'S REPORT**

Tri-County Regional Jail  
Champaign County  
4099 State Route 559  
Mechanicsburg, Ohio 43044

To the Board of Commission:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements and related notes of the Tri-County Regional Jail, Champaign County, (the Jail) as of and for the years ended December 31, 2018 and 2017.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure 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 Jail'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 Jail'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 1 of the financial statements, the Jail prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), 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 Jail 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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. 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***

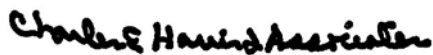
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Jail as of December 31, 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 and related notes of the Tri-County Regional Jail, Champaign County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019, on our consideration of the Jail'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 Jail's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
June 26, 2019



**Tri-County Regional Jail  
Champaign County  
Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances - Governmental Fund Types  
For the Year Ended December 31, 2018**

	<u>Governmental Fund Type</u>		<u>Totals (Memorandum only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Revenue Receipts:			
Intergovernmental	\$ 4,236,976	\$ -	\$ 4,236,976
Charges for Services	611,968	-	611,968
Utilities/Cable/TV	-	243,034	243,034
Other Revenue	71,164	-	71,164
Refunds-Reimbursements	59,704	-	59,704
Total Cash Receipts	<u>4,979,812</u>	<u>243,034</u>	<u>5,222,846</u>
Expenditures:			
Salaries - Employees	2,270,347	-	2,270,347
Employee Benefits	853,008	-	853,008
Supplies	23,863	223,588	247,452
Equipment	93,314	-	93,314
Contractual Services	437,853	-	437,853
Medical	113,116	-	113,116
Utilities	217,341	2,642	219,984
Repairs & Maintenance	80,654	-	80,654
Insurance	83,192	-	83,192
Reimbursements to Counties	608,265	-	608,265
Other Expenses	108	-	108
Travel and Expense	8,053	-	8,053
Total Cash Disbursements	<u>4,789,113</u>	<u>226,230</u>	<u>5,015,343</u>
Total Receipts over Disbursements	190,699	16,804	207,503
Other Financing Receipts/(Disbursements)			
Transfer-In	-	76,664	76,664
Transfer-Out	-	(76,664)	(76,664)
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balances	190,699	16,804	207,503
Cash Fund Balance January 1	751,186	364,448	1,115,634
Cash Fund Balance, December 31, 2018	<u>\$ 941,885</u>	<u>\$ 381,252</u>	<u>\$ 1,323,137</u>
Restricted Fund Balance	\$ -	\$ 287,310	\$ 287,310
Committed Fund Balance	-	93,942	93,942
Unassigned Fund Balance	<u>941,885</u>	<u>-</u>	<u>941,885</u>
Cash Fund Balance, December 31, 2018	<u>\$ 941,885</u>	<u>\$ 381,252</u>	<u>\$ 1,323,137</u>

See accompanying notes to the financial statements.

**Tri-County Regional Jail**  
**Champaign County**  
**Statement of Cash Receipts, Cash Disbursements and**  
**Changes in Fund Cash Balance - Agency Fund Type**  
**For the Year Ended December 31, 2018**

	<u>Inmate Account</u>
Cash Receipts:	
Other Revenue	<u>\$ 393,524</u>
Cash Disbursements:	
Other Expenses	<u>381,071</u>
Total Cash Receipts over Cash Disbursements	12,453
Fund Cash Balance, January 1	<u>6,152</u>
Fund Cash Balance, December 31	<u><u>\$ 18,605</u></u>

See accompanying notes to the financial statements.

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Tri-County Regional Jail, Champaign County (the Jail), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Jail was established by the Board of County Commissioners of Union, Champaign and Madison Counties. The Jail is overseen by the Tri-County Corrections Commission (the Commission) pursuant to Revised Code Sections 153.61 and 307.93. The Commission is directed by the Sheriff of each participating county, the presiding Judge of the Court of Common Pleas of each participating county, and the President of the Board of Commissioners of each participating county. The Commission was established to use the authority common to the members to develop, construct, operate and administer a multi-county correctional center to augment county jail programs and facilities.

The Jail's management believes these financial statements present all activities for which the Jail is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

As the Ohio Revised Code permits, the Champaign County Treasurer holds the Jail's cash as the Jail's custodian. The County holds the Jail's deposits in its investment pool, valued at the Treasurer's reported carrying amount. The Jail maintains a separate bank account for the Inmate Account Fund.

**D. Fund Accounting**

The Jail uses fund accounting to segregate cash and investments that are restricted as to use. The Jail classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Jail had the following significant Special Revenue Fund:

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund (Continued)**

**Commissary** – This fund receives monies collected from inmates for the purchases of commissary items.

**3. Fiduciary Fund (Agency Fund)**

Funds for which the Jail is acting in an agency capacity are classified as agency funds. The Jail had the following Agency Fund:

**Inmate Accounts** – This fund receives funds collected from inmates or their friends and/or family to be used to purchase commissary items, doctor visits, haircuts, or phone cards.

**E. Property, Plant, and Equipment**

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

**F. 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.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Jail is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Non-spendable** – The non-spendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**Restricted** – Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Committed** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the governing board (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the governing board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by the Jail for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Jail.

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Jail applies restricted resources first when disbursements are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**2. EQUITY IN POOLED CASH**

The Champaign County Treasurer maintains the cash balances for all non-inmate funds in their Treasury. The Jail maintains a bank account for the inmate accounts at Park National Bank (See Note 1.C). The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<b>2018</b>
Demand Deposits	<u>\$18,605</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. RETIREMENT SYSTEM**

The Jail'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 retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans.

The Ohio Revised Code also prescribes contribution rates. For 2018 OPERS members contributed 10% of their gross salaries and the Jail contributed an amount equaling 14% of participants' gross salaries. The Jail has paid all contributions required through December 31, 2018.

**4. POSTEMPLOYMENT BENEFITS**

OPERS offers a 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**4. FUND BALANCES**

Fund balance is classified as non-spendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Jail is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for governmental funds are presented below:

Fund Balances for FY 2018	General	Special Revenue
Restricted for:		
Commissary	\$ -	\$287,310
Total Restricted	<u>-</u>	<u>287,310</u>
Committed:		
Work Release	-	93,942
Total Committed	<u>-</u>	<u>93,942</u>
Unassigned	<u>941,885</u>	<u>-</u>
Total Fund Balances	<u>\$941,885</u>	<u>\$381,252</u>

**5. RISK MANAGEMENT**

The Jail is exposed to various risks of property and casualty losses, and injuries to employees.

The Jail insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**Risk Pool Membership**

The Jail is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Jail's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$ 12,965,015

**Tri-County Regional Jail  
Champaign County  
Combined Statement of Receipts, Disbursements, and Changes in Balances  
(Regulatory Cash Basis) - All Governmental Fund Types  
For the Year Ended December 31, 2017**

	<u>Governmental Fund Type</u>		<b>Totals (Memorandum only)</b>
	<u>General</u>	<u>Special Revenue</u>	
Revenue Receipts:			
Intergovernmental	\$ 3,859,635	\$ -	\$ 3,859,635
Charges for Services	500,738	-	500,738
Utilities/Cable/TV	-	223,602	223,602
Other Revenue	76,409	-	76,409
Refunds-Reimbursements	22,311	-	22,311
Total Cash Receipts	<u>4,459,093</u>	<u>223,602</u>	<u>4,682,695</u>
Expenditures:			
Salaries - Employees	2,204,936	-	2,204,936
Employee Benefits	751,070	-	751,070
Supplies	410,323	180,544	590,867
Equipment	70,902	-	70,902
Contractual Services	109,695	-	109,695
Medical	115,385	-	115,385
Utilities	233,446	2,864	236,310
Repairs & Maintenance	28,306	-	28,306
Insurance	82,519	-	82,519
Reimbursements to Counties	497,880	-	497,880
Other Expenses	100	-	100
Travel and Expense	2,111	-	2,111
Total Cash Disbursements	<u>4,506,673</u>	<u>183,407</u>	<u>4,690,080</u>
Total Receipts over Disbursements	(47,580)	40,195	(7,385)
Cash Fund Balance, January 1	<u>798,766</u>	<u>324,253</u>	<u>1,123,019</u>
Cash Fund Balance, December 31	<u>\$ 751,186</u>	<u>\$ 364,448</u>	<u>\$ 1,115,634</u>
Restricted Fund Balance	\$ -	\$ 201,442	\$ 201,442
Comitted Fund Balance	-	163,006	163,006
Assigned Fund Balance	129,279	-	129,279
Unassigned Fund Balance	<u>621,907</u>	<u>-</u>	<u>621,907</u>
Cash Fund Balance, December 31, 2017	<u>\$ 751,186</u>	<u>\$ 364,448</u>	<u>\$ 1,115,634</u>

See accompanying notes to the financial statements.

**Tri-County Regional Jail**  
**Champaign County**  
**Statement of Receipts, Disbursements and Changes in Fund Balance**  
**(Regulatory Cash Basis) - Agency Type**  
**For the Year Ended December 31, 2017**

	Inmate Agency Fund
Cash Receipts:	
Other Revenue	\$ 365,302
Cash Disbursements:	
Other Expenses	378,087
Total Receipts (Under) Disbursements	(12,785)
Fund Cash Balance, January 1	18,937
Fund Cash Balance, December 31	\$ 6,152

See accompanying notes to the financial statements.



**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Tri-County Regional Jail, Champaign County (the Jail), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Jail was established by the Board of County Commissioners of Union, Champaign and Madison Counties. The Jail is overseen by the Tri-County Corrections Commission (the Commission) pursuant to Revised Code Sections 153.61 and 307.93. The Commission is directed by the Sheriff of each participating county, the presiding Judge of the Court of Common Pleas of each participating county, and the President of the Board of Commissioners of each participating county. The Commission was established to use the authority common to the members to develop, construct, operate and administer a multi-county correctional center to augment county jail programs and facilities.

The Jail's management believes these financial statements present all activities for which the Jail is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

As the Ohio Revised Code permits, the Champaign County Treasurer holds the Jail's cash as the Jail's custodian. The County holds the Jail's deposits in its investment pool, valued at the Treasurer's reported carrying amount. The Jail maintains a separate bank account for the Inmate Account Fund.

**D. Fund Accounting**

The Jail uses fund accounting to segregate cash and investments that are restricted as to use. The Jail classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Jail had the following significant Special Revenue Fund:

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund (Continued)**

**Commissary** – This fund receives monies collected from inmates for the purchases of commissary items.

**3. Fiduciary Fund (Agency Fund)**

Funds for which the Jail is acting in an agency capacity are classified as agency funds. The Jail had the following Agency Fund:

**Inmate Accounts** – This fund receives funds collected from inmates or their friends and/or family to be used to purchase commissary items, doctor visits, haircuts, or phone cards.

**E. Property, Plant, and Equipment**

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

**F. 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.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Jail is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Non-spendable** – The non-spendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**Restricted** – Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Committed** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the governing board (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the governing board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by the Jail for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Jail.

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Jail applies restricted resources first when disbursements are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**2. EQUITY IN POOLED CASH**

The Champaign County Treasurer maintains the cash balances for all non-inmate funds in their Treasury. The Jail maintains a bank account for the inmate accounts at Park National Bank (See Note 1.C). The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2017</u>
Demand Deposits	<u>\$6,152</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. RETIREMENT SYSTEM**

The Jail'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 retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans.

The Ohio Revised Code also prescribes contribution rates. For 2017 OPERS members contributed 10% of their gross salaries and the Jail contributed an amount equaling 14% of participants' gross salaries. The Jail has paid all contributions required through December 31, 2017.

**4. 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**4. FUND BALANCES**

Fund balance is classified as non-spendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Jail is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for governmental funds are presented below:

Fund Balances for FY 2017	General	Special Revenue
Restricted for:		
Commissary	\$ -	\$201,442
Total Restricted	<u>-</u>	<u>201,442</u>
Committed:		
Phone Card	-	76,664
Work Release	-	86,342
Total Committed	<u>-</u>	<u>163,006</u>
Assigned:		
Open Purchase Orders	<u>129,279</u>	-
Total Assigned	<u>129,279</u>	<u>-</u>
Unassigned	<u>941,885</u>	-
Total Fund Balances	<u>\$941,885</u>	<u>\$364,448</u>

**5. RISK MANAGEMENT**

The Jail is exposed to various risks of property and casualty losses, and injuries to employees.

The Jail insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Jail belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**TRI-COUNTY REGIONAL JAIL  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**5. RISK MANAGEMENT (Continued)**

Financial Position

PEP's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Jail's share of these unpaid claims collectible in future years is approximately \$52,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>2017 Contributions to PEP</u></b> <b><u>\$ 82,136</u></b>
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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

Tri-County Regional Jail  
Champaign County  
4099 State Route 559  
Mechanicsburg, Ohio 43044

To the Board of Commission:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Tri-County Regional Jail, Champaign County, (the Jail) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 26, 2019. We noted the Jail followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Jail's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Jail's internal control. Accordingly, we have not opined on it.

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 a 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 Jail'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.

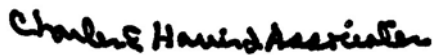
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

***Compliance and Other Matters***

As part of reasonably assuring whether the Jail'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 or other matters we must report 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 Jail's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Jail's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
June 26, 2019

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# OHIO AUDITOR OF STATE KEITH FABER



**TRI COUNTY REGIONAL JAIL**

**CHAMPAIGN 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  
SEPTEMBER 5, 2019**