



**Auditor of State
Betty Montgomery**

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Multi-County Correctional Center
Marion County
1514 Victory Road
Marion, Ohio 43302

To the Board of Commissioners:

We have audited the accompanying financial statements of the Multi-County Correctional Center, Marion County, Ohio, (the Correctional Center) as of and for the years ended December 31, 2002, and December 31, 2001. These financial statements are the responsibility of the Correctional 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 *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 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Correctional Center prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and of the Correctional Center as of December 31, 2002, and December 31, 2001, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2003, on our consideration of the Correctional Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Multi-County Correctional Center
Marion County
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This report is intended solely for the information and use of management, the Board of Commissioners, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

BETTY MONTGOMERY
Auditor of State

June 24, 2003

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Intergovernmental Receipts	\$3,058,710	\$0	\$3,058,710
Charges for Services	103,987	0	103,987
Fees - Telephone	81,138	0	81,138
Other	20,492	19,774	40,266
	<u>3,264,327</u>	<u>19,774</u>	<u>3,284,101</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	2,196,395	0	2,196,395
Insurance	274,156	0	274,156
Supplies	43,183	0	43,183
Equipment	7,534	33,708	41,242
Contract Repair and Services	202,383	30,468	232,851
Travel	2,808	0	2,808
Advertising/Printing	6,500	0	6,500
Training	14,519	0	14,519
Medical Supplies and Services	99,334	0	99,334
Utilities	207,280	0	207,280
Food	171,840	0	171,840
Vehicle Maintenance and Supplies	12,514	0	12,514
Other	8,430	1,339	9,769
	<u>3,246,876</u>	<u>65,515</u>	<u>3,312,391</u>
Total Cash Disbursements			
	<u>3,246,876</u>	<u>65,515</u>	<u>3,312,391</u>
Total Receipts Over/(Under) Disbursements	<u>17,451</u>	<u>(45,741)</u>	<u>(28,290)</u>
Other Financing Receipts:			
Other Sources	98,433	0	98,433
	<u>98,433</u>	<u>0</u>	<u>98,433</u>
Total Other Financing Receipts			
	<u>98,433</u>	<u>0</u>	<u>98,433</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	115,884	(45,741)	70,143
Fund Cash Balances, January 1	71,447	187,262	258,709
	<u>71,447</u>	<u>187,262</u>	<u>258,709</u>
Fund Cash Balances, December 31	<u>\$187,331</u>	<u>\$141,521</u>	<u>\$328,852</u>

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

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Commissary Sales	\$99,520	\$0	\$99,520
Total Operating Cash Receipts	99,520	0	99,520
Operating Cash Disbursements:			
Supply Expense	96,270	0	96,270
Total Operating Cash Disbursements	96,270	0	96,270
Operating Income	3,250	0	3,250
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	0	251,121	251,121
Total Non-Operating Cash Receipts	0	251,121	251,121
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	0	251,546	251,546
Total Non-Operating Cash Disbursements	0	251,546	251,546
Net Receipts Over/(Under) Disbursements	3,250	(425)	2,825
Fund Cash Balances, January 1	4,412	920	5,332
Fund Cash Balances, December 31	<u>\$7,662</u>	<u>\$495</u>	<u>\$8,157</u>

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

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Intergovernmental Receipts	\$3,280,483	\$0	\$3,280,483
Charges for Services	60,170	0	60,170
Fees - Telephone	76,380	0	76,380
Other	6,933	0	6,933
	<u>3,423,966</u>	<u>0</u>	<u>3,423,966</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Benefits	2,325,719	0	2,325,719
Insurance	303,271	0	303,271
Supplies	66,405	0	66,405
Equipment	4,527	3,978	8,505
Contract Repair and Services	358,167	0	358,167
Travel	2,678	0	2,678
Advertising/Printing	5,362	0	5,362
Training	11,500	0	11,500
Medical Supplies and Services	175,180	0	175,180
Utilities	209,389	0	209,389
Food	172,938	0	172,938
Transport of Prisoners	11,227	0	11,227
Other	9,684	0	9,684
	<u>3,656,047</u>	<u>3,978</u>	<u>3,660,025</u>
Total Cash Disbursements			
	<u>3,656,047</u>	<u>3,978</u>	<u>3,660,025</u>
Total Receipts (Under) Disbursements	<u>(232,081)</u>	<u>(3,978)</u>	<u>(236,059)</u>
Other Financing Receipts:			
Other Sources	133,657	0	133,657
	<u>133,657</u>	<u>0</u>	<u>133,657</u>
Total Other Financing Receipts			
	<u>133,657</u>	<u>0</u>	<u>133,657</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(98,424)	(3,978)	(102,402)
Fund Cash Balances, January 1, 2001	169,871	191,240	361,111
	<u>169,871</u>	<u>191,240</u>	<u>361,111</u>
Fund Cash Balances, December 31, 2001	<u>\$71,447</u>	<u>\$187,262</u>	<u>\$258,709</u>

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

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Commissary Sales	\$128,644	\$0	\$128,644
Total Operating Cash Receipts	128,644	0	128,644
Operating Cash Disbursements:			
Supply Expense	133,762	0	133,762
Total Operating Cash Disbursements	133,762	0	133,762
Operating (Loss)	(5,118)	0	(5,118)
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	0	213,869	213,869
Total Non-Operating Cash Receipts	0	213,869	213,869
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	0	213,469	213,469
Total Non-Operating Cash Disbursements	0	213,469	213,469
Net Receipts Over/(Under) Disbursements	(5,118)	400	(4,718)
Fund Cash Balances, January 1, 2001	9,530	520	10,050
Fund Cash Balances, December 31, 2001	<u>\$4,412</u>	<u>\$920</u>	<u>\$5,332</u>

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

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Multi-County Correctional Center, Marion County, (the Correctional Center) is a public entity organized December 31, 1996 under Section 307.93 of the Ohio Revised Code for the purpose of establishing a multi-county correctional center, constructing that center, overseeing its operations and administration and promoting other cooperative programs relating to the Correctional Center.

The members of the Commission include Marion and Hardin counties. The intergovernmental receipts in the accompanying financial statements were received from the members for the purpose stated above.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Correctional Center had the following significant Capital Projects Fund:

Construction Fund – This fund received a grant from the State of Ohio for the purpose of constructing and maintaining the Correctional Center.

3. Enterprise Fund

This fund is used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Correctional Center had the following significant Enterprise Fund:

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

3. Enterprise Fund (Continued)

Commissary Fund - This fund receives monies from the inmates at the time of incarceration or from family and friends of the inmates. These monies can be expended by the inmate toward incidentals and toiletries.

4. Agency Fund

The Correctional Center is acting in an agency capacity for this fund. The Correctional Center had the following significant Agency Fund:

Bond Fund – This fund receives monies from inmates at the time of entry into the Correctional Center. These monies are then remitted to the Municipal Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Commissioners must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Correctional Center to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. Unpaid vacation is not reflected as a liability under the Correctional Center's basis of accounting.

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. CASH/ CASH WITH FISCAL AGENT

The Correctional Center's cash attributable to the governmental funds are maintained by Marion County, its statutory fiscal agent. The Ohio Revised Code prescribes allowable deposits and the County is responsible for compliance. As of December 31, 2002, and December 31, 2001, the Correctional Center's share of the County's cash pool was \$328,852 and \$258,709, respectively. All risk associated with such deposits are the responsibility of Marion County. The Correctional Center maintains a commissary and bond account that are not reflected on the fiscal agent's books. The carrying amount of these deposits as of December 31, 2002 and 2001 are \$8,157 and \$5,332, respectively. This money is federally insured under the FDIC.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,347,368	\$3,362,760	\$15,392
Capital Projects	0	19,774	19,774
Total	\$3,347,368	\$3,382,534	\$35,166

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,385,833	\$3,246,876	\$138,957
Capital Projects	180,000	65,515	114,485
Total	\$3,565,833	\$3,312,391	\$253,442

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,507,679	\$3,557,623	\$49,944
Capital Projects	0	0	0
Total	\$3,507,679	\$3,557,623	\$49,944

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,589,461	\$3,656,047	(\$66,586)
Capital Projects	185,047	3,978	181,069
Total	\$3,774,508	\$3,660,025	\$114,483

The Correctional Center is not required to budget for the Enterprise Commissary Fund or the Agency Bond Fund.

4. FUNDING

Annually the Correctional Center estimates costs for the next fiscal year. Such estimates are considered by the Members and are then modified or accepted by the Members. Each Member thereafter remits its share of the costs to the Correctional Center in the amount and at the times directed by the fiscal agent. If the aggregate of the Member's contributions for the estimated costs for a fiscal year are insufficient to pay the Correctional Center's expenses, then the fiscal agent shall assess each Member its proportional share of the additional cost.

5. RETIREMENT SYSTEM

The Correctional Center's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Correctional Center contributed an amount equal to 13.55% of participants' gross salaries for 2001 and 2002. The Correctional Center has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

The Correctional Center had the following insurance coverage purchased through The County Risk Sharing Authority:

General Liability	\$1,000,000
Automobile Liability	\$1,000,000
Law Enforcement Liability	\$1,000,000
Public Officials Liability	\$1,000,000
Faithful Performance Bond	\$1,000,000
Money & Securities	\$1,000,000
Umbrella	\$5,000,000

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. CONTINGENT LIABILITIES

The Correctional Center is currently involved in a class action lawsuit involving a former "pay-to-stay" program, whereby prisoners were charged booking and per diem fees for time spent in the jail facilities. The Correctional Center will likely be required to refund pay-to-stay charges collected from inmates. The amount of pay-to-stay charges that may need to be refunded has not yet been determined.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Multi-County Correctional Center
Marion County
1514 Victory Road
Marion, Ohio 43302

To the Board of Commissioners:

We have audited the accompanying financial statements of the Multi-County Correctional Center, Marion County, Ohio, (the Correctional Center) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated June 24, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the Correctional Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Correctional Center in a separate letter dated June 24, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Correctional Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Correctional Center in a separate letter dated June 24, 2003.

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Multi-County Correctional Center
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

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

BETTY MONTGOMERY
Auditor of State

June 24, 2003



**Auditor of State
Betty Montgomery**

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MULTI-COUNTY CORRECTIONAL CENTER

MARION 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 9, 2003**