



Certified Public Accountants, A.C.

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2020-2019**

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KEITH FABER



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Members of the Commission
Multi-County Correctional Center
1514 Victory Rd
Marion, OH 43302

We have reviewed the *Independent Auditor's Report* of the Multi-County Correctional Center, Marion County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2020. 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 Multi-County Correctional 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

November 30, 2021

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MULTI-COUNTY CORRECTIONAL CENTER

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INDEPENDENT AUDITOR'S REPORT

November 12, 2021

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

To the Corrections Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the **Multi-County Correctional Center**, Marion County, Ohio (the Correctional Center).

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 Correctional 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 Correctional 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Auditor's Responsibility (Continued)

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 Correctional Center 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 Correctional 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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinions on this accounting basis are in the *Additional Opinion Modification* and *Unmodified Opinion* paragraphs 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 Correctional Center as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Basis for Additional Opinion Modification

The Correctional Center has outsourced commissary receipt processing to a third-party administrator. The financial statements report commissary receipts as Amount Held for Inmates in the Custodial Fund in 2020 and Other Financing Sources in the Agency Fund in 2019. The third-party administrator did not provide us with information we requested regarding the design of proper operation of its internal controls. We were therefore unable to obtain sufficient appropriate audit evidence about the proper processing of commissary receipts. These receipts represent 100% of Amounts Held for Inmates within the Custodial Fund for 2020 and 80% of Other Financing Sources reported within the Agency Fund for 2019. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

Additional Opinion Modification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Modification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for the fiduciary fund type as of and for the year ended December 31, 2019, and related notes of Multi-County Correctional Center, Marion County 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.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Correctional Center, 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.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Correctional Center. As discussed in Note 9 to the 2020 financial statements, the Correctional Center made several changes to its reporting model. We did not modify our opinions regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021, 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 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 Correctional Center's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Multi-County Correctional Center
Marion County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020*

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Charges for Services	\$ 215,257	\$ -	\$ 215,257
Intergovernmental	4,494,121	272,155	4,766,276
Miscellaneous	305,940	-	305,940
<i>Total Cash Receipts</i>	<u>5,015,318</u>	<u>272,155</u>	<u>5,287,473</u>
Cash Disbursements			
Current:			
Salaries and Benefits	3,094,841	-	3,094,841
Health Insurance	810,635	-	810,635
Supplies	38,672	-	38,672
Equipment	28,221	-	28,221
Contract Repair & Services	245,623	336,497	582,120
Travel	64	-	64
Advertising & Printing	1,378	-	1,378
Training	5,527	-	5,527
Medical Supplies & Services	133,758	-	133,758
Utilities	195,619	-	195,619
Food	315,575	-	315,575
Vehicle Maintenance & Supplies	13,185	-	13,185
Other	30,042	-	30,042
<i>Total Cash Disbursements</i>	<u>4,913,140</u>	<u>336,497</u>	<u>5,249,637</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	102,178	(64,342)	37,836
Other Financing Receipts (Disbursements)			
Transfers In	-	75,070	75,070
Transfers Out	(75,070)	-	(75,070)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(75,070)</u>	<u>75,070</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	27,108	10,728	37,836
<i>Fund Cash Balances, January 1</i>	<u>406,068</u>	<u>106,091</u>	<u>512,159</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 433,176</u>	<u>\$ 116,819</u>	<u>\$ 549,995</u>

See accompanying notes to the basic financial statements

Multi-County Correctional Center

Marion County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2020

	<u>Fiduciary Fund</u>	
	<u>Custodial</u>	
Additions		
Amounts Held For Inmates	\$	489,600
Other Amounts Collected for Distribution		107,945
		<hr/>
<i>Total Additions</i>		597,545
		<hr/>
Deductions		
Distributions on Behalf of Inmates		491,088
Other Distributions		108,154
		<hr/>
<i>Total Deductions</i>		599,242
		<hr/>
<i>Net Change in Fund Cash Balances</i>		(1,697)
<i>Fund Cash Balances, January 1</i>		122,051
		<hr/>
<i>Fund Cash Balances, December 31</i>	\$	120,354
		<hr/> <hr/>

See accompanying notes to the basic financial statements

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

Note 1 – Reporting Entity

The Multi County Correctional Center (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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Correctional Center's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) and a statement of additions, deductions and changes in fund balances (regulatory cash basis) fiduciary funds.

Fund Accounting

The Correctional 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 Correctional Center are presented below:

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.

Capital Projects Fund

This fund is used to account for receipts and transfers that are restricted for the acquisition or improvement of capital projects or major equipment.

Custodial Funds

The Correctional Center is acting in a custodial capacity for these funds. The Correctional Center has the following significant Custodial Funds:

Commissary and Inmate Trust Funds – These funds receive 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 and to pay fees and charges when a convicted inmate is released.

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

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Corrections. This basis is similar to the cash receipts and disbursements accounting basis. The Correctional 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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

Budgetary Process

Encumbrances

Disbursements from State appropriations are subject to Marion County's payment approval process. The County Auditor must approve (i.e., certify and encumber) certain payments when the Correctional Center commits to make a payment.

Deposits and Investments

The Marion County Treasurer is the custodian of the Correctional Center's State appropriations. The County holds these Correctional Center assets in the County's deposit and investment pool, valued at the County Treasurer's reported carrying amount. The Correctional Center holds offenders' cash in demand deposit accounts.

Capital Assets

The Correctional 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 – Collateral on Deposits and Investments

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

Note 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 time 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.

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

Note 5 – Risk Management

The Correctional Center had the following insurance coverage through The County Risk Sharing Authority: General Liability, Automobile Liability, Law Enforcement Liability, Public Officials Liability, Faithful Performance Bond, and Money & Securities all for \$1,000,000 individually and an Umbrella for \$5,000,000.

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Correctional 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 percent of their gross salaries and the Correctional Center contributed an amount equaling 14 percent, of participants' gross salaries. The Correctional Center has paid all contributions required through December 31, 2020.

Note 7 – 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 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 8 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Correctional Center. The Correctional Center's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Correctional Center's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 9 – Change in Accounting Principle

For 2020, the Correctional Center has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

Note 10 – Fund Balances

Included in fund balance are amounts the Correctional Center cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Capital Projects	Total
Nonspendable:			
Unclaimed Monies	\$ -	\$ -	\$ -
Corpus	-	-	-
Outstanding Encumbrances	<u>315,497</u>	<u>-</u>	<u>315,497</u>
Total	<u>\$ 315,497</u>	<u>\$ -</u>	<u>\$ 315,497</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Multi-County Correctional Center

Marion County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

All Governmental Fund Types

For the Year Ended December 31, 2019

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Charges for Services	\$ 329,236	\$ -	\$ 329,236
Intergovernmental	4,156,255	-	4,156,255
Miscellaneous	230,795	-	230,795
<i>Total Cash Receipts</i>	<u>4,716,286</u>	<u>-</u>	<u>4,716,286</u>
Cash Disbursements			
Current:			
Salaries and Benefits	2,732,796	-	2,732,796
Health Insurance	854,860	-	854,860
Supplies	12,336	-	12,336
Equipment	39,262	-	39,262
Contract Repair & Services	432,860	-	432,860
Advertising & Printing	1,048	-	1,048
Training	14,647	-	14,647
Medical Supplies & Services	25,825	-	25,825
Utilities	217,427	-	217,427
Food	255,289	-	255,289
Vehicle Maintenance & Supplies	12,490	-	12,490
Other	22,489	-	22,489
<i>Total Cash Disbursements</i>	<u>4,621,329</u>	<u>-</u>	<u>4,621,329</u>
<i>Net Change in Fund Cash Balances</i>	94,957	-	94,957
<i>Fund Cash Balances, January 1</i>	<u>311,111</u>	<u>106,091</u>	<u>417,202</u>
Fund Cash Balances, December 31			
Assigned	400,393	106,091	506,484
Unassigned	5,675	-	5,675
<i>Fund Cash Balances, December 31</i>	<u>\$ 406,068</u>	<u>\$ 106,091</u>	<u>\$ 512,159</u>

See accompanying notes to the basic financial statements

Multi-County Correctional Center
Marion County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2019*

	Fiduciary Fund
	Agency
Non-Operating Receipts (Disbursements)	
Other Financing Sources	\$ 590,013
Other Financing Uses	(560,159)
<i>Total Non-Operating Receipts (Disbursements)</i>	29,854
<i>Net Change in Fund Cash Balances</i>	29,854
<i>Fund Cash Balances, January 1 (Restated - See Note 9)</i>	92,197
<i>Fund Cash Balances, December 31</i>	\$ 122,051

See accompanying notes to the basic financial statements

**MULTI COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Note 1 – Reporting Entity

The Multi County Correctional Center (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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Correctional Center's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

The Correctional 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 Correctional Center are presented below:

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.

Capital Projects Fund

This fund is used to account for receipts and transfers that are restricted for the acquisition or improvement of capital projects or major equipment.

Agency Funds

The Correctional Center is acting in an agency capacity for these funds. The Correctional Center has the following significant Agency Funds:

Commissary and Inmate Trust Funds – These funds receive 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 and to pay fees and charges when a convicted inmate is released.

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

**MULTI COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Corrections. This basis is similar to the cash receipts and disbursements accounting basis. The Correctional 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 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.

Budgetary Process

Encumbrances

Disbursements from State appropriations are subject to Marion County's payment approval process. The County Auditor must approve (i.e., certify and encumber) certain payments when the Correctional Center commits to make a payment.

Deposits and Investments

The Marion County Treasurer is the custodian of the Correctional Center's State appropriations. The County holds these Correctional Center assets in the County's deposit and investment pool, valued at the County Treasurer's reported carrying amount. The Correctional Center holds offenders' cash in demand deposit accounts.

Capital Assets

The Correctional 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.

Fund Balance

Fund balances is divided into five classifications based primarily on the extent to which the Correctional Center must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

The Correctional Center classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**MULTI COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Restricted

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

Committed

Commissioners can *commit* amounts via formal action (resolution). The Correctional Center must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Correctional Commissioners or a Correctional Center official delegated that authority by resolution, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Note 3 – Collateral on Deposits and Investments

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

Note 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 time 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.

**MULTI COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Note 5 – Risk Management

The Correctional Center had the following insurance coverage through The County Risk Sharing Authority: General Liability, Automobile Liability, Law Enforcement Liability, Public Officials Liability, Faithful Performance Bond, and Money & Securities all for \$1,000,000 individually and an Umbrella for \$5,000,000.

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Correctional 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 percent of their gross salaries and the Correctional Center contributed an amount equaling 14 percent, of participants' gross salaries. The Correctional Center has paid all contributions required through December 31, 2019.

Note 7 – 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 percent during calendar year 2019.

Note 8 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Correctional Center. The Correctional Center's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Correctional Center's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 9 – Prior Period Restatement

The beginning balance for the Correctional Center's Agency Fund has been restated due to a receipt recording error in 2018. This prior period restatement had the following effect on the Correctional Center's fund balance as previously reported as of December 31, 2018:

	Agency
Fund Balance, December 31, 2018	\$ 92,218
Restatement due to receipt error	(21)
Restated Fund Balance, January 1, 2019	\$ 92,197

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

November 12, 2021

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

To the Corrections 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 cash balances, receipts, and disbursements for each governmental and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the **Multi-County Correctional Center**, Marion County, (the Correctional Center) and have issued our report thereon dated November 12, 2021, wherein we noted the Correctional Center followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Correctional Center. We also noted that the Correctional Center has made changes to their cash basis reporting model. We qualified our opinion on Fiduciary fund receipts because we were unable to obtain sufficient evidence about the proper processing of commissary receipts.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Correctional Center's internal control over financial reporting (internal control) as a basis for designing 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 Correctional Center'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 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 Correctional 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Compliance and Other Matters

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 & 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness

Service Organization SOC 1 Report

The Correctional Center has outsourced inmate commissary receipt collection, which is a significant accounting function, to a third-party administrator. The Correctional Center has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reduce the risk that commissary receipts have not been authorized or completely and accurately processed in accordance with their commissary receipt procedures. We recommend the Correctional Center help assure the completeness and accuracy of commissary receipts processed by its third-party administrator. Statement of Standards Attestation Engagements No. 16 *Reporting on Controls at a Service Organization* (SSAE No. 16), prescribes standards for reporting on service organizations. An unqualified Type Two Report on Management's Description of a Service Organization's System and the Suitability of Design and Operating Effectiveness of Controls in accordance with SSAE No. 16 should provide the Correctional Center with reasonable assurance that commissary receipts conform to the procedures.

The audit opinion of the years ended December 31, 2020 and 2019 financial statements have been qualified since appropriate audit evidence about the proper processing of commissary receipts could not be obtained.

We recommend the Correctional Center require a Type Two SOC 1 report in its contract with the third-party administrator. The Correctional Center should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the Correctional Center with a Type Two SOC 1 report, we recommend the Correctional Center contract with a third-party administrator that will provide this report.

Officials' Response

We did not receive a response from officials to this finding.

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Service Organization SOC1 Report – Material Weakness	Not Corrected	The Correctional Center will work with Touchpay to try and obtain a SOC1 report for future audit periods.

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OHIO AUDITOR OF STATE KEITH FABER



MULTI-COUNTY CORRECTIONAL CENTER

MARION 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 12/14/2021

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