



**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY
Regular Audit
For the Years Ended December 31, 2018 and 2017**

313 Second St.
Marietta, OH 45750
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Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
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OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Corrections Commission
Multi-County Correctional Center
1514 Victory Road
Marion, Ohio 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, 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 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

June 25, 2019

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MULTI-COUNTY CORRECTIONAL CENTER

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2018	4
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type For the Year Ended December 31, 2018	5
Notes to the Financial Statements For the Year Ended December 31, 2018	6
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2017	10
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type For the Year Ended December 31, 2017	11
Notes to the Financial Statements For the Year Ended December 31, 2017	12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	16
Schedule of Audit Findings	18
Schedule of Prior Audit Findings.....	19

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Certified Public Accountants, A.C.

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INDEPENDENT AUDITOR'S REPORT

May 31, 2019

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

To the Correctional Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the **Multi-County Correctional Center**, Marion County, (the Correctional Center) 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 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 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.

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Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedures – 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*

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 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 Correctional Center as of December 31, 2018 and 2017, or 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 Other Financing Sources in the Agency Fund. 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 74% of Other Financing Sources reported within the Agency Fund. 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 by fund type, and related notes of Multi-County Correctional Center, Marion 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 May 31, 2019, 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.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

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, 2018

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Charges for Services	\$ 213,287	\$ -	\$ 213,287
Intergovernmental	3,970,096	-	3,970,096
Miscellaneous	257,558	-	257,558
<i>Total Cash Receipts</i>	<u>4,440,941</u>	<u>-</u>	<u>4,440,941</u>
Cash Disbursements			
Current:			
Salaries and Benefits	2,633,023	-	2,633,023
Health Insurance	952,304	-	952,304
Supplies	30,526	-	30,526
Equipment	15,983	48,000	63,983
Contract Repair & Services	212,824	-	212,824
Travel	249	-	249
Advertising & Printing	1,349	-	1,349
Training	5,997	-	5,997
Medical Supplies & Services	116,357	-	116,357
Utilities	208,385	-	208,385
Food	261,491	-	261,491
Vehicle Maintenance & Supplies	15,306	-	15,306
Other	15,885	-	15,885
<i>Total Cash Disbursements</i>	<u>4,469,679</u>	<u>48,000</u>	<u>4,517,679</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(28,738)	(48,000)	(76,738)
Other Financing Receipts (Disbursements)			
Transfers In	-	70,000	70,000
Transfers Out	(70,000)	-	(70,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(70,000)</u>	<u>70,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(98,738)	22,000	(76,738)
<i>Fund Cash Balances, January 1</i>	<u>409,849</u>	<u>84,091</u>	<u>493,940</u>
Fund Cash Balances, December 31			
Assigned	250,486	106,091	356,577
Unassigned (Deficit)	60,625	-	60,625
<i>Fund Cash Balances, December 31</i>	<u>\$ 311,111</u>	<u>\$ 106,091</u>	<u>\$ 417,202</u>

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, 2018

	Fiduciary Fund
	Agency
Non-Operating Receipts (Disbursements)	
Other Financing Sources	\$ 538,207
Other Financing Uses	(517,218)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>20,989</u>
<i>Net Change in Fund Cash Balances</i>	20,989
<i>Fund Cash Balances, January 1</i>	<u>71,229</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 92,218</u></u>

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, 2018*

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, 2018*

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.

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.

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

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.

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.

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

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, 2018.

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 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.

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, 2017

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Charges for Services	\$ 183,017	\$ 100,000	\$ 283,017
Intergovernmental	3,784,265	-	3,784,265
Miscellaneous	73,208	-	73,208
<i>Total Cash Receipts</i>	<u>4,040,490</u>	<u>100,000</u>	<u>4,140,490</u>
Cash Disbursements			
Current:			
Salaries and Benefits	2,558,734	-	2,558,734
Health Insurance	584,421	-	584,421
Supplies	30,497	-	30,497
Equipment	14,446	-	14,446
Contract Repair & Services	226,033	134,500	360,533
Travel	145	-	145
Advertising & Printing	569	-	569
Training	3,598	-	3,598
Medical Supplies & Services	103,589	-	103,589
Utilities	203,661	-	203,661
Food	257,028	-	257,028
Vehicle Maintenance & Supplies	13,748	-	13,748
Other	15,693	-	15,693
<i>Total Cash Disbursements</i>	<u>4,012,162</u>	<u>134,500</u>	<u>4,146,662</u>
<i>Net Change in Fund Cash Balances</i>	28,328	(34,500)	(6,172)
<i>Fund Cash Balances, January 1</i>	<u>381,521</u>	<u>118,591</u>	<u>500,112</u>
Fund Cash Balances, December 31			
Assigned	303,861	84,091	387,952
Unassigned (Deficit)	105,988	-	105,988
<i>Fund Cash Balances, December 31</i>	<u>\$ 409,849</u>	<u>\$ 84,091</u>	<u>\$ 493,940</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, 2017

	<u>Fiduciary Fund</u>
	<u>Agency</u>
Non-Operating Receipts (Disbursements)	
Other Financing Sources	\$ 489,287
Other Financing Uses	<u>(467,957)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>21,330</u>
<i>Net Change in Fund Cash Balances</i>	21,330
<i>Fund Cash Balances, January 1</i>	<u>49,899</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 71,229</u></u>

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, 2017*

Note 1 – Reporting Entity

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**MULTI COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2017*

Basis of Accounting

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**MULTI COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2017*

Committed

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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

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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.

**MULTI COUNTY CORRECTIONAL CENTER
MARION COUNTY**

*Notes to the Financial Statements
For the Year Ended December 31, 2017*

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, 2017.

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 2017.

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

May 31, 2019

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 by fund type of **Multi-County Correctional Center**, Marion County, (the Correctional Center) 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 May 31, 2019, 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 qualified our opinion on Agency 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) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 2018-001 to be a material weakness.

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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 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*.

We did note certain matters not requiring inclusion in this report that we reported to the Correctional Center's management in a separate letter dated May 31, 2019.

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, 2018 & 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

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 year ended December 31, 2018 financial statements has 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, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Service Organization SOC1 Report – Material Weakness	Not Corrected	Repeated as Finding 2018-001
2016-002	Financial Reporting	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



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
JULY 9, 2019**