



**Auditor of State
Betty Montgomery**

**LORAIN/MEDINA COMMUNITY BASED CORRECTIONAL FACILITY
LORAIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Funds – For the Fiscal Year Ended June 30, 2004.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Funds – For the Fiscal Year Ended June 30, 2003.....	4
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Ohio Department of Rehabilitation and Corrections Fund – For the Fiscal Year Ended June 30, 2002	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Judicial Corrections Board
Lorain/Medina Community Based Correctional Facility
Lorain County
9892 Murray Ridge Road
Elyria, Ohio 44035

We have audited the accompanying financial statements of Lorain/Medina Community Based Correctional Facility, Lorain County, Ohio (the Facility) as of and for the years ended June 30, 2004, 2003 and 2002. These financial statements are the responsibility of the Facility'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 Facility 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and unpaid obligations of the Lorain/Medina Community Based Correctional Facility, Lorain County, as of June 30, 2004, 2003 and 2002, and the related 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 March 10, 2005 on our consideration of the Facility'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.

Lorain/Medina Community Based Correctional Facility
Lorain County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, the Judicial Corrections Board 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

March 10, 2005

**LORAIN/MEDINA COMMUNITY BASED CORRECTIONAL FACILITY
LORAIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	State Appropriations and Grants			Offender Funds		Totals
	ODRC 501-501	Federal Grants	Capital Projects	Resident Fund	Family Fund	
Cash Receipts:						
Intergovernmental	\$ 1,679,380	\$ -	\$ -	\$ -	\$ -	\$ 1,679,380
Receipts for Offenders	-	-	-	60,670	-	60,670
Collections from Offenders	-	-	-	42,768	2,987	45,755
Telephone Commissions	-	-	-	-	9,220	9,220
Refunds/Reimbursements	1,159	-	-	-	-	1,159
Other	204	-	-	-	12	216
Total Cash Receipts	1,680,743	-	-	103,438	12,219	1,796,400
Cash Disbursements:						
Personnel	1,188,770	-	-	-	-	1,188,770
Operating costs	191,856	-	-	-	-	191,856
Program costs	71,368	5,444	-	-	-	76,812
Equipment	16,076	-	-	-	-	16,076
Offender Disbursements:						
Offender legal obligations	-	-	-	24,442	-	24,442
Offender personal costs	-	-	-	7,782	5,295	13,077
Offender program operating costs	-	-	-	2,884	-	2,884
Offender savings paid at exit	-	-	-	65,560	-	65,560
Capital Outlay	-	-	17,025	-	-	17,025
Total Cash Disbursements	1,468,070	5,444	17,025	100,668	5,295	1,596,502
Disbursements from prior FY (Including refund to ODRC)	97,317	-	-	-	-	97,317
Other Financing Sources:						
Advance In	-	-	600,000	-	-	600,000
Total Other Financing Sources	-	-	600,000	-	-	600,000
Total Receipts Over/(Under) Disbursements	115,356	(5,444)	582,975	2,770	6,924	702,581
Fund Cash Balances, July 1, 2003	459,932	5,444	-	4,781	38,236	508,393
Fund Cash Balances, June 30, 2004	\$ 575,288	\$ -	\$ 582,975	\$ 7,551	\$ 45,160	\$ 1,210,974
Unpaid Obligations/Open Purchase Orders	\$ 64,939	\$ -	\$ 668			\$ 65,607

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

**LORAIN/MEDINA COMMUNITY BASED CORRECTIONAL FACILITY
LORAIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>State Appropriations and Grants</u>		<u>Offender Funds</u>		<u>Totals</u>
	<u>ODRC 501-501</u>	<u>Federal Grants</u>	<u>Resident Fund</u>	<u>Family Fund</u>	
Cash Receipts:					
Intergovernmental	\$ 1,619,069	\$ -	\$ -	\$ -	\$ 1,619,069
Collections from Offenders	-	-	134,983	2,359	137,342
Telephone Commissions	-	-	-	8,898	8,898
Refunds/Reimbursements	2,870	-	-	-	2,870
Other	154	-	-	-	154
Total Cash Receipts	<u>1,622,093</u>	<u>-</u>	<u>134,983</u>	<u>11,257</u>	<u>1,768,333</u>
Cash Disbursements:					
Personnel	1,162,129	-	-	-	1,162,129
Operating costs	201,343	-	-	-	201,343
Program costs	71,120	-	-	-	71,120
Equipment	39,906	-	-	-	39,906
Offender Disbursements:					
Offender legal obligations	-	-	32,455	-	32,455
Offender personal costs	-	-	6,401	9,616	16,017
Offender program operating costs	-	-	2,530	-	2,530
Offender savings paid at exit	-	-	96,321	-	96,321
Total Cash Disbursements	<u>1,474,498</u>	<u>-</u>	<u>137,707</u>	<u>9,616</u>	<u>1,621,821</u>
Disbursements from prior FY (Including refund to ODRC)	<u>159,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,904</u>
Total Receipts Over/(Under) Disbursements	<u>(12,309)</u>	<u>-</u>	<u>(2,724)</u>	<u>1,641</u>	<u>(13,392)</u>
Fund Cash Balances, July 1, 2002	<u>472,241</u>	<u>5,444</u>	<u>7,505</u>	<u>36,595</u>	<u>521,785</u>
Fund Cash Balances, June 30, 2003	<u>\$ 459,932</u>	<u>\$ 5,444</u>	<u>\$ 4,781</u>	<u>\$ 38,236</u>	<u>\$ 508,393</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 92,606</u>	<u>\$ -</u>			<u>\$ 92,606</u>

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

**LORAIN/MEDINA COMMUNITY BASED CORRECTIONAL FACILITY
LORAIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>ODRC 501-501</u>
Cash Receipts:	
Intergovernmental	\$ 1,591,661
Refunds/Reimbursements	9,854
Other	<u>420</u>
 Total Cash Receipts	 <u>1,601,935</u>
Cash Disbursements:	
Personnel	1,100,887
Operating costs	194,941
Program costs	8,475
Equipment	<u>2,771</u>
 Total Cash Disbursements	 <u>1,307,074</u>
 Disbursements from prior fiscal year (including refund to ODRC)	 <u>541,076</u>
 Total Receipts Over/(Under) Disbursements	 <u>(246,215)</u>
 Fund Cash Balances, July 1, 2001	 <u>718,456</u>
 Fund Cash Balances, June 30, 2002	 <u>\$ 472,241</u>
 Unpaid Obligations/Open Purchase Orders	 <u>\$ 73,174</u>

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

This page intentionally left blank.

**LORAIN/MEDINA COMMUNITY BASED CORRECTIONAL FACILITY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Lorain/Medina Community Based Correctional Facility, Lorain County, Ohio (the Facility) provides an alternative to prison incarceration for felony offenders. The Facility is the last step in the continuum of increasing punishment before prison incarceration. The Facility is a minimum security operation housing approximately 56 offenders. The Judicial Corrections Board administers the Facility. The Board includes five common pleas court judges from Lorain County and two common pleas court judges from Medina County that the Facility serves. The Facility serves Lorain and Medina Counties.

For the years ended June 30, 2004, 2003 and 2002, the financial statement presents all funds related to the Facility.

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 expenditures include amounts disbursed through the following September 30 but chargeable against the preceding year's budget.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

The Lorain County Treasurer is the custodian of the Facility's grant funds and State appropriations. The County holds these Facility assets in the County's cash and investment pool, valued at the County Treasurer's reported carrying amount. The Facility holds offenders' cash in basic checking accounts.

D. Fund Accounting

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

State Appropriations and Grants

Ohio Department of Rehabilitation and Corrections (ODRC) 501-501 Funding: ODRC grants this funding, appropriated from the State's General Fund, to the Facility to support general operating costs.

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

**LORAIN/MEDINA COMMUNITY BASED CORRECTIONAL FACILITY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Offender Funds

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

Family Fund: This fund receives other Offender Funds, such as telephone commissions and a per diem rate charged to employed offenders. This fund pays for programs and services benefiting offenders and staff employed by the Facility, such as indigent offenders' supplies and entertainment. The Resident Fund reimburses this Fund for costs chargeable to Offender Funds.

E. Budgetary Process

1. Appropriations

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

2. Encumbrances

Disbursements from State appropriations and Grants are subject to the payment approval process of Lorain County. The County Auditor must approve (i.e., certify and encumber) certain payments when the Facility commits to make a payment. The budgetary disbursement amounts reported in Note 2 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts budgeted for commitments not liquidated within ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 4.)

A summary of 2004, 2003 and 2002 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

The Facility records acquisitions of property, plant and equipment as capital project or equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Facility uses.

**LORAIN/MEDINA COMMUNITY BASED CORRECTIONAL FACILITY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2004, 2003 and 2002 follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,679,380	\$1,539,328	\$140,052

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,619,069	\$1,570,452	\$48,617

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,591,661	\$1,388,386	\$203,275

3. COLLATERAL ON DEPOSITS AND INVESTMENTS

Grants and State Appropriations

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

Offender Funds

Deposits

The Facility has Federal Deposit Insurance Corporation coverage of \$100,000 for Offender Funds. There were no uncollateralized amounts at June 30, 2004, 2003 and 2002.

4. REFUND TO ODRC

The agreement between the County and ODRC permits the Facility to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Facility must refund any excess over this amount to ODRC. The schedule below computes the refund to ODRC for the years ending June 30, 2004, 2003 and 2002. Disbursements below include cash paid to liquidate encumbrances outstanding at June 30 and exclude disbursements made during the fiscal year against amounts encumbered the prior June 30. The Facility refunds amounts computed below in the fiscal year following the computation below.

**LORAIN/MEDINA COMMUNITY BASED CORRECTIONAL FACILITY
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

4. REFUND TO ODRC (Continued)

	Refund to ODRC		
	2004	2003	2002
Cash, July 1	\$134,922	\$132,638	\$136,305
Receipts	1,679,380	1,619,069	1,591,661
Disbursements	(1,539,328)	(1,570,452)	(1,388,386)
Cash, June 30	274,974	181,255	339,580
Less cash to be retained	(139,948)	(134,922)	(132,638)
Refund to ODRC	\$135,026	\$46,333	\$206,942

The 2002 and 2003 Refund to ODRC was paid in fiscal year 2005. The 2004 Refund to ODRC has not yet been paid.

5. RETIREMENT SYSTEMS

The Facility's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2004, 2003 and 2002, OPERS members contributed 8.5 percent of their gross salaries to OPERS. The Facility contributed an amount equal to 13.55 percent of participants' gross salaries. The Facility has paid all contributions required through June 30, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

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



Auditor of State Betty Montgomery

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

Judicial Corrections Board
Lorain/Medina Community Based Correctional Facility
Lorain County
9892 Murray Ridge Road
Elyria, Ohio 44035

We have audited the financial statements of Lorain/Medina Community Based Correctional Facility, Lorain County, Ohio (the Facility) as of and for the years ended June 30, 2004, 2003 and 2002 and have issued our report thereon dated March 10, 2005. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Facility's internal control over financial reporting in order to determine our auditing procedures to express our opinion on the financial statements and not to opine 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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Facility's management dated March 10, 2005, we reported other matters involving internal control over financial reporting.

Compliance and Other Matters

As part of reasonably assuring whether the Facility's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Facility's management dated March 10, 2005, we reported a matter related to compliance we deemed immaterial.

Lorain/Medina Community Based Correctional Facility
Lorain County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management, the Judicial Corrections Board, and the Ohio Department of Rehabilitation and Corrections, 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

March 10, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

LORAIN/MEDINA COMMUNITY BASED CORRECTIONAL FACILITY

LORAIN 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
APRIL 14, 2005**