

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY, OHIO**

*Financial Statements*  
(Audited)

For The Years Ended  
December 31, 2006 and 2005

**JOANN ORR, FINANCE OFFICER**





# Mary Taylor, CPA

Auditor of State

Board of Commissioners  
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 Julian & Grube, Inc., for the audit period January 1, 2005 through December 31, 2006. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 15, 2007

**This Page is Intentionally Left Blank.**

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1 - 2
Combined Statement of Cash Fund Balances - All Fund Types - December 31, 2006 and 2005 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 2006.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type and Similar Fiduciary Fund Type - For the Year Ended December 31, 2006.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For the Year Ended December 31, 2006.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type and Similar Fiduciary Fund Type - For the Year Ended December 31, 2005.....	8
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For the Year Ended December 31, 2005.....	9
Notes to the Financial Statements.....	10 - 15
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> .....	16 - 17



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report**

Board of Commissioners  
Multi County Correctional Center  
1514 Victory Road  
Marion, Ohio 43302

We have audited the accompanying financial statements of the Multi County Correctional Center, Marion County, Ohio, as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Multi County Correctional Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 2, the Multi County Correctional Center prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Multi County Correctional Center to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While the Multi County Correctional Center does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Multi County Correctional Center has elected not to reformat its statements. Since the Multi County Correctional Center does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Multi County Correctional Center as of December 31, 2006 and 2005, or its changes in financial position or cash flow of its proprietary fund type for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Multi-County Correctional Center, Marion County, Ohio, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

The aforementioned revision to generally accepted accounting principles also requires the Multi County Correctional Center to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Multi County Correctional Center has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2007, on our consideration of the Multi County 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
June 26, 2007

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2006 AND 2005

<u>Cash and Cash Equivalents</u>	<u>2006</u>	<u>2005</u>
Cash and Cash Equivalents	\$ 462,005	\$ 320,739
Total Cash and Cash Equivalents	<u>\$ 462,005</u>	<u>\$ 320,739</u>
<u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 378,821	\$ 226,165
Capital Projects Fund	<u>68,776</u>	<u>80,979</u>
Total Governmental Fund Types	<u>447,597</u>	<u>307,144</u>
<u>Proprietary Fund Type:</u>		
Enterprise Fund	<u>14,258</u>	<u>11,325</u>
Total Proprietary Fund Type	<u>14,258</u>	<u>11,325</u>
<u>Fiduciary Fund Type:</u>		
Agency Fund	<u>150</u>	<u>2,270</u>
Total Fiduciary Fund Type	<u>150</u>	<u>2,270</u>
Total Fund Balances	<u>\$ 462,005</u>	<u>\$ 320,739</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash receipts:			
Intergovernmental	\$ 3,028,649	\$ -	\$ 3,028,649
Charges for services	137,753	-	137,753
Fees - telephone	97,509	-	97,509
Other	60,955	-	60,955
Total cash receipts	<u>3,324,866</u>	<u>-</u>	<u>3,324,866</u>
Cash disbursements:			
Current:			
Salaries and benefits	2,060,445	-	2,060,445
Insurance	348,467	-	348,467
Supplies	36,568	-	36,568
Equipment	16,604	12,203	28,807
Contract repair and services	254,007	-	254,007
Travel	994	-	994
Advertising/printing	2,132	-	2,132
Training	5,871	-	5,871
Medical supplies and services	128,646	-	128,646
Utilities	219,254	-	219,254
Food	192,647	-	192,647
Vehicle maintenance and supplies	19,308	-	19,308
Other	22,646	-	22,646
Total cash disbursements	<u>3,307,589</u>	<u>12,203</u>	<u>3,319,792</u>
Total cash receipts over/(under) cash disbursements	<u>17,277</u>	<u>(12,203)</u>	<u>5,074</u>
Other financing receipts/(disbursements):			
Other sources	135,379	-	135,379
Total other financing receipts/(disbursements)	<u>135,379</u>	<u>-</u>	<u>135,379</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	152,656	(12,203)	140,453
Cash fund balances, January 1, 2006	<u>226,165</u>	<u>80,979</u>	<u>307,144</u>
Cash fund balances, December 31, 2006	<u>\$ 378,821</u>	<u>\$ 68,776</u>	<u>\$ 447,597</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - PROPRIETARY FUND TYPE AND  
SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating cash receipts:			
Commissary Sales	\$ 111,879	\$ -	\$ 111,879
Total operating cash receipts	<u>111,879</u>	<u>-</u>	<u>111,879</u>
Operating cash disbursements:			
Supply expense	108,946	-	108,946
Total operating cash disbursements	<u>108,946</u>	<u>-</u>	<u>108,946</u>
Operating income	<u>2,933</u>	<u>-</u>	<u>2,933</u>
Nonoperating cash receipts/(disbursements):			
Other nonoperating receipts	-	199,705	199,705
Other nonoperating disbursements	<u>-</u>	<u>(201,825)</u>	<u>(201,825)</u>
Total nonoperating cash receipts/(disbursements)	<u>-</u>	<u>(2,120)</u>	<u>(2,120)</u>
Net receipts over/(under) disbursements	2,933	(2,120)	813
Cash fund balances, January 1, 2006	<u>11,325</u>	<u>2,270</u>	<u>13,595</u>
Cash fund balances, December 31, 2006	<u>\$ 14,258</u>	<u>\$ 150</u>	<u>\$ 14,408</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006

Fund Types	Receipts					Disbursements						
	Cash	Budget	Total Estimated Resources	Actual 2006 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2006 Appropriations	Total	Actual 2006 Disbursements	Encumbrances Outstanding at 12/31/06	Total	Variance Favorable (Unfavorable)
Governmental: General	\$ 226,165	\$ 3,325,188	\$ 3,551,353	\$ 3,460,245	\$ 135,057	\$ -	\$ 3,325,188	\$ 3,325,188	\$ 3,307,589	\$ -	\$ 3,307,589	\$ 17,599
Total (Memorandum Only)	<u>\$ 226,165</u>	<u>\$ 3,325,188</u>	<u>\$ 3,551,353</u>	<u>\$ 3,460,245</u>	<u>\$ 135,057</u>	<u>\$ -</u>	<u>\$ 3,325,188</u>	<u>\$ 3,325,188</u>	<u>\$ 3,307,589</u>	<u>\$ -</u>	<u>\$ 3,307,589</u>	<u>\$ 17,599</u>

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash receipts:			
Intergovernmental	\$ 3,064,267	\$ -	\$ 3,064,267
Charges for services	141,831	-	141,831
Fees - telephone	87,622	-	87,622
Other	7,595	-	7,595
Total cash receipts	<u>3,301,315</u>	<u>-</u>	<u>3,301,315</u>
Cash disbursements:			
Current:			
Salaries and benefits	2,036,509	-	2,036,509
Insurance	358,030	-	358,030
Supplies	43,158	-	43,158
Equipment	4,917	27,701	32,618
Contract repair and services	217,229	2,112	219,341
Travel	951	-	951
Advertising/printing	7,540	-	7,540
Training	4,732	-	4,732
Medical supplies and services	116,115	-	116,115
Utilities	209,716	-	209,716
Food	172,920	-	172,920
Vehicle maintenance and supplies	14,515	-	14,515
Other	5,064	-	5,064
Total cash disbursements	<u>3,191,396</u>	<u>29,813</u>	<u>3,221,209</u>
Total cash receipts over/(under) cash disbursements	<u>109,919</u>	<u>(29,813)</u>	<u>80,106</u>
Other financing receipts/(disbursements):			
Other sources	106,969	-	106,969
Total other financing receipts/(disbursements)	<u>106,969</u>	<u>-</u>	<u>106,969</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	216,888	(29,813)	187,075
Cash fund balances, January 1, 2005	<u>9,277</u>	<u>110,792</u>	<u>120,069</u>
Cash fund balances, December 31, 2005	<u>\$ 226,165</u>	<u>\$ 80,979</u>	<u>\$ 307,144</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - PROPRIETARY FUND TYPE AND  
SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Commissary Sales	\$ 93,171	\$ -	\$ 93,171
Total operating cash receipts	<u>93,171</u>	<u>-</u>	<u>93,171</u>
Operating cash disbursements:			
Supply expense	95,193	-	95,193
Total operating cash disbursements	<u>95,193</u>	<u>-</u>	<u>95,193</u>
Operating income	<u>(2,022)</u>	<u>-</u>	<u>(2,022)</u>
Nonoperating cash receipts/(disbursements):			
Other nonoperating receipts	-	195,050	195,050
Other nonoperating disbursements	-	(194,472)	(194,472)
Total nonoperating cash receipts/(disbursements)	<u>-</u>	<u>578</u>	<u>578</u>
Net receipts over/(under) disbursements	(2,022)	578	(1,444)
Cash fund balances, January 1, 2005	<u>13,347</u>	<u>1,692</u>	<u>15,039</u>
Cash fund balances, December 31, 2005	<u>\$ 11,325</u>	<u>\$ 2,270</u>	<u>\$ 13,595</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2005

Fund Types	Receipts					Disbursements						
	Cash	Budget	Total Estimated Resources	Actual 2005 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2005 Appropriations	Total	Actual 2005 Disbursements	Encumbrances Outstanding at 12/31/05	Total	Variance Favorable (Unfavorable)
Governmental: General	\$ 9,277	\$ 3,260,867	\$ 3,270,144	\$ 3,408,284	\$ 147,417	\$ -	\$ 3,260,867	\$ 3,260,867	\$ 3,191,396	\$ -	\$ 3,191,396	\$ 69,471
Total (Memorandum Only)	\$ 9,277	\$ 3,260,867	\$ 3,270,144	\$ 3,408,284	\$ 147,417	\$ -	\$ 3,260,867	\$ 3,260,867	\$ 3,191,396	\$ -	\$ 3,191,396	\$ 69,471

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Multi County Correctional Center (the "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 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 Center's management believes the financial statements included in this report represent all activities for which the Center is financially accountable

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The most significant of the Center's accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the Center are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Center:

**GOVERNMENTAL FUND TYPES**

**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 Funds:**

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

*Maintenance Fund* - This fund received a grant from the State of Ohio for the purpose of constructing and maintaining the Center.

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

PROPRIETARY FUND TYPE:

Enterprise Fund

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Center had the following enterprise fund:

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

FIDUCIARY FUND TYPE:

Agency Fund

Funds for which the Center is acting in an agency capacity are classified as agency funds. The Center had the following fiduciary fund:

*Bond Fund (Agency Fund)* - This fund receives monies from the inmates at the time of entry into the Center. These monies are then remitted to the Municipal Court.

**B. BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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



**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimate resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds (except Agency) are legally required to be budgeted and appropriated. The primary level of budgetary control is at the line item. Any budgetary modifications at this level may only be made by resolution of the Board of Commissioners. The Center is only required to budget for its General Fund.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Center by September 1. As part of this certification, the Center receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Center determined that receipts collected will be greater than or less than the prior estimate, and the Budget Commission finds the revised estimate to be reasonable. Prior to December 31, the Center must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Center had no appropriation modification measures during 2006 and 2005.

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Encumbrances:*

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Center had no outstanding encumbrances at December 31, 2006 and 2005.

**D. PROPERTY, PLANT AND EQUIPMENT**

Capital assets are not capitalized in any of the Center's funds. Instead, capital acquisition and construction costs are recorded as expenditures in the fund in the year expended. The costs of normal maintenance and repairs, along with improvements, are also expended. Depreciation is not recorded.

**F. UNPAID VACATION AND SICK LEAVE**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Center.

**G. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Center's cash basis method of accounting.

**H. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**NOTE 3 - CASH/CASH WITH FISCAL AGENT**

The Center's cash attributable to the governmental funds are maintained by Marion County, its statutory fiscal agent. The Ohio Revised Code prescribes allowable deposits and the County is responsible for compliance. As of December 31, 2006 and 2005, the Center's share of the County's cash pool was \$447,597 and \$307,144, respectively. All risk associated with such deposits are the responsibility of Marion County. The Center maintains a commissary and bond account that are not reflected on the fiscal agent's books. The carrying amount of these deposits as of December 31, 2006 and 2005 are \$14,408 and \$13,595, respectively. This money is federally insured under the FDIC.

**NOTE 4 - FUNDING**

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

**NOTE 5 – OTHER SOURCES**

General Fund other sources consists primarily of medical co-payments from Marion County for the inmates.

**NOTE 6 - RETIREMENT SYSTEM**

The Center'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 post-retirement 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 2006 and 2005, members of OPERS participants contributed 9.0% and 8.5% of their wages, respectively. The Center contributed an amount equal to 13.70% and 13.55% of their wages to OPERS, respectively. The Center has paid all contributions required through December 31, 2006 and 2005.

**MULTI COUNTY CORRECTIONAL CENTER  
MARION COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**NOTE 7 - RISK MANAGEMENT**

The Center had the following insurance coverage purchased 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.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Commissioners  
Multi County Correctional Center  
1514 Victory Road  
Marion, Ohio 43302

We have audited the financial statements of Multi County Correctional Center as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Multi County Correctional Center's basic financial statements and have issued our report thereon dated June 26, 2007, wherein we noted Multi County Correctional Center followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Multi County Correctional Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Multi County Correctional Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Multi County Correctional Center's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Multi County Correctional Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Multi County Correctional Center's financial statements that is more than inconsequential will not be prevented or detected by the Multi County Correctional Center's internal control.

Board of Commissioners  
Multi County Correctional Center

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Multi County Correctional Center's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance whether Multi County Correctional Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the Multi County Correctional Center in a separate letter dated June 26, 2007.

This report is intended for the information of the Board of Commissioners and management of Multi County Correctional Center, and is not intended to be and should not be used by anyone other than those specified.



Julian & Grube, Inc.  
June 26, 2007



**Mary Taylor, CPA**  
Auditor of State

**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  
AUGUST 28, 2007**