

PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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, 2021 through December 31, 2022. 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

August 03, 2023

This page intentionally left blank.

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, 2022	4
Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type For the Year Ended December 31, 2022	5
Notes to the Financial Statements For the Year Ended December 31, 2022	6
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2021	10
Combined Statement of Addition, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type For the Year Ended December 31, 2021	11
Notes to the Financial Statements For the Year Ended December 31, 2021	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

This page intentionally left blank.



INDEPENDENT AUDITOR'S REPORT

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

To the Corrections Commission:

Report on the Audit of the Financial Statements

Unmodified, Qualified, and Adverse Opinions

We have audited the financial statements of the Multi-County Correctional Center, Marion County, Ohio (the Center), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying 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 years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, 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 years ended December 31, 2022 and 2021 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(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Center, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Additional Opinion Qualification

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 2021 and 2022. The third-party administrator did not provide us with the 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 2021 and 2022. Consequently, we were unable to determine whether any adjustment to these amounts was necessary.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Center on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2023, on our consideration of the 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 solely 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 effectiveness of the Center's 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 Center's internal control over financial reporting and compliance.



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

June 16, 2023

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, 2022*

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Charges for Services	\$ 423,824	\$ -	\$ 423,824
Intergovernmental	4,958,177	-	4,958,177
Miscellaneous	217,773	-	217,773
<i>Total Cash Receipts</i>	<u>5,599,774</u>	<u>-</u>	<u>5,599,774</u>
Cash Disbursements			
Current:			
Salaries and Benefits	3,395,828	-	3,395,828
Health Insurance	826,547	-	826,547
Supplies	31,727	-	31,727
Equipment	17,222	12,450	29,672
Contract Repair & Services	578,120	-	578,120
Travel	-	-	-
Advertising & Printing	1,556	-	1,556
Training	5,867	-	5,867
Utilities	211,719	-	211,719
Food	312,418	-	312,418
Vehicle Maintenance & Supplies	10,682	-	10,682
Other	38,320	-	38,320
<i>Total Cash Disbursements</i>	<u>5,430,006</u>	<u>12,450</u>	<u>5,442,456</u>
<i>Net Change in Fund Cash Balances</i>	169,768	(12,450)	157,318
<i>Fund Cash Balances, January 1</i>	<u>437,770</u>	<u>116,819</u>	<u>554,589</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 607,538</u>	<u>\$ 104,369</u>	<u>\$ 711,907</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, 2022

	<u>Fiduciary Fund</u>	
	<u>Custodial</u>	
Additions		
Amounts Held For Inmates	\$	473,675
Other Amounts Collected for Distribution		130,138
<i>Total Additions</i>		<u>603,813</u>
Deductions		
Distributions on Behalf of Inmates		436,022
Other Distributions		130,564
<i>Total Deductions</i>		<u>566,586</u>
<i>Net Change in Fund Cash Balances</i>		37,227
<i>Fund Cash Balances, January 1</i>		<u>140,166</u>
<i>Fund Cash Balances, December 31</i>	\$	<u><u>177,393</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, 2022

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 combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type 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 Project Fund This funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Funds Fiduciary funds include pension and other employee benefit trust funds, private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Center's custodial funds account for funds collected from inmates at the time of incarceration. The Center had the following 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, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds

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.

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.

Multi-County Correctional Center
Marion County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 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 health care 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, 2022.

Note 7 – Postemployment Benefits

OPERS offer 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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Multi-County Correctional Center
Marion County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Fund Balances

Included in fund balance are amounts the Correctional Center cannot spend. 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$ 177,078</u>	<u>\$ 177,078</u>
Total	<u>\$ 177,078</u>	<u>\$ 177,078</u>

The fund balance of capital projects funds is restricted, committed, or assigned. These restricted, committed, and assigned amounts in the capital projects fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 9 – 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Correctional Center received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Correctional Center. The impact on the Correctional Center's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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.

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, 2021*

	General	Capital Projects	Totals (Memorandum Only)
Cash Receipts			
Charges for Services	\$ 245,123	\$ -	\$ 245,123
Intergovernmental	4,555,022	-	4,555,022
Miscellaneous	246,105	-	246,105
<i>Total Cash Receipts</i>	<u>5,046,250</u>	<u>-</u>	<u>5,046,250</u>
Cash Disbursements			
Current:			
Salaries and Benefits	3,152,864	-	3,152,864
Health Insurance	822,829	-	822,829
Supplies	23,925	-	23,925
Equipment	15,556	-	15,556
Contract Repair & Services	437,014	-	437,014
Travel	192	-	192
Advertising & Printing	3,358	-	3,358
Training	6,790	-	6,790
Utilities	222,122	-	222,122
Food	289,834	-	289,834
Vehicle Maintenance & Supplies	10,412	-	10,412
Other	56,760	-	56,760
<i>Total Cash Disbursements</i>	<u>5,041,656</u>	<u>-</u>	<u>5,041,656</u>
<i>Net Change in Fund Cash Balances</i>	4,594	-	4,594
<i>Fund Cash Balances, January 1</i>	<u>433,176</u>	<u>116,819</u>	<u>549,995</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 437,770</u>	<u>\$ 116,819</u>	<u>\$ 554,589</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, 2021

	<u>Fiduciary Fund</u>	
	<u>Custodial</u>	
Additions		
Amounts Held For Inmates	\$	533,288
Other Amounts Collected for Distribution		115,385
<i>Total Additions</i>		<u>648,673</u>
Deductions		
Distributions on Behalf of Inmates		513,045
Other Distributions		115,816
<i>Total Deductions</i>		<u>628,861</u>
<i>Net Change in Fund Cash Balances</i>		19,812
<i>Fund Cash Balances, January 1</i>		<u>120,354</u>
<i>Fund Cash Balances, December 31</i>	\$	<u><u>140,166</u></u>

See accompanying notes to the basic financial statements

Multi-County Correctional
Marion County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type 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 Project Fund This funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Funds Fiduciary funds include pension and other employee benefit trust funds, private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Center's custodial funds account for funds collected from inmates at the time of incarceration. The Center had the following 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
Marion County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the Correctional Center are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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.

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.

Multi-County Correctional
Marion County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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 health care 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, 2021.

Note 7 – Postemployment Benefits

OPERS offer 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 8 – Fund Balances

Included in fund balance are amounts the Correctional Center cannot spend. 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Total
Outstanding Encumbrances	\$ 101,702	\$ 101,702
Total	\$ 101,702	\$ 101,702

Multi-County Correctional
Marion County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Fund Balances (Continued)

The fund balance of capital projects funds is restricted, committed, or assigned. These restricted, committed, and assigned amounts in the capital projects fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 9 – 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Correctional Center received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Correctional Center. The impact on the Correctional Center's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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.



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

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Multi-County Correctional Center, Marion County, (the Center) and have issued our report thereon dated June 16, 2023, wherein we noted the Center followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion on Fiduciary fund receipts because we were unable to obtain sufficient evidence about the proper processing of commissary receipts.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Center’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center’s financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from 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 financial statements. 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 we must report under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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

June 16, 2023

**MULTI-COUNTY CORRECTIONAL CENTER
MARION COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 & 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2022-001

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 they are 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. One way to ensure sufficient internal controls at a third-party administrator is to obtain a Type Two SOC 1 report. 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 controls are in place and receipts are complete and accurate.

The audit opinions of the years ended December 31, 2022 and 2021 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, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	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.

This page intentionally left blank.

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 8/15/2023

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