

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

Financial Statements
(Audited)

For The Years Ended
December 31, 2004 and 2003

JO ANN ORR, FINANCE OFFICER



**Auditor of State
Betty Montgomery**

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, 2003 through December 31, 2004. 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's Office (AOS). 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 AOS 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 AOS 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.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 8, 2005

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

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JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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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, 2004 and 2003. 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.

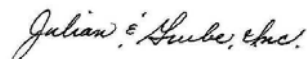
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain to reasonably assure 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 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.

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, 2004 and 2003, or its changes in financial position 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, 2004, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
June 28, 2005

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

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2004 AND 2003

<u>Cash and Cash Equivalents</u>	<u>2004</u>	<u>2003</u>
Cash and Cash Equivalents	\$ 135,108	\$ 230,786
Total Cash and Cash Equivalents	<u>\$ 135,108</u>	<u>\$ 230,786</u>
<u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 9,277	\$ 107,072
Capital Projects Fund	<u>110,792</u>	<u>111,672</u>
Total Governmental Fund Types	<u>120,069</u>	<u>218,744</u>
<u>Proprietary Fund Type:</u>		
Enterprise Fund	<u>13,347</u>	<u>11,622</u>
Total Proprietary Fund Type	<u>13,347</u>	<u>11,622</u>
<u>Fiduciary Fund Type:</u>		
Agency Fund	<u>1,692</u>	<u>420</u>
Total Fiduciary Fund Type	<u>1,692</u>	<u>420</u>
Total Fund Balances	<u>\$ 135,108</u>	<u>\$ 230,786</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, 2004

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash receipts:			
Intergovernmental	\$ 2,884,734	\$ -	\$ 2,884,734
Charges for services	28,022	-	28,022
Fees - telephone	107,560	-	107,560
Other	12,429	-	12,429
Total cash receipts	<u>3,032,745</u>	<u>-</u>	<u>3,032,745</u>
Cash disbursements:			
Current:			
Salaries and benefits	2,181,276	-	2,181,276
Insurance	307,829	-	307,829
Supplies	39,366	-	39,366
Equipment	5,807	-	5,807
Contract repair and services	220,007	880	220,887
Travel	762	-	762
Advertising/printing	3,737	-	3,737
Training	5,520	-	5,520
Medical supplies and services	87,635	-	87,635
Utilities	183,810	-	183,810
Food	163,798	-	163,798
Vehicle maintenance and supplies	13,018	-	13,018
Other	5,260	-	5,260
Total cash disbursements	<u>3,217,825</u>	<u>880</u>	<u>3,218,705</u>
Total cash receipts (under) cash disbursements	<u>(185,080)</u>	<u>(880)</u>	<u>(185,960)</u>
Other financing receipts/(disbursements):			
Other sources	87,285	-	87,285
Total other financing receipts/(disbursements)	<u>87,285</u>	<u>-</u>	<u>87,285</u>
Excess of cash receipts and other financing receipts (under) cash disbursements and other financing disbursements	(97,795)	(880)	(98,675)
Cash fund balances, January 1, 2004	<u>107,072</u>	<u>111,672</u>	<u>218,744</u>
Cash fund balances, December 31, 2004	<u>\$ 9,277</u>	<u>\$ 110,792</u>	<u>\$ 120,069</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, 2004

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Commissary Sales	\$ 106,399	\$ -	\$ 106,399
Total operating cash receipts	<u>106,399</u>	<u>-</u>	<u>106,399</u>
Operating cash disbursements:			
Supply expense	104,674	-	104,674
Total operating cash disbursements	<u>104,674</u>	<u>-</u>	<u>104,674</u>
Operating income	<u>1,725</u>	<u>-</u>	<u>1,725</u>
Nonoperating cash receipts/(disbursements):			
Other nonoperating receipts	-	223,927	223,927
Other nonoperating disbursements	<u>-</u>	<u>(222,655)</u>	<u>(222,655)</u>
Total nonoperating cash receipts/(disbursements)	<u>-</u>	<u>1,272</u>	<u>1,272</u>
Net receipts over disbursements	1,725	1,272	2,997
Cash fund balances, January 1, 2004	<u>11,622</u>	<u>420</u>	<u>12,042</u>
Cash fund balances, December 31, 2004	<u>\$ 13,347</u>	<u>\$ 1,692</u>	<u>\$ 15,039</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, 2004

Fund Types	Receipts					Disbursements						
	Cash	Budget	Total Estimated Resources	Actual 2004 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2004 Appropriations	Total	Actual 2004 Disbursements	Encumbrances Outstanding at 12/31/04	Total	Variance Favorable (Unfavorable)
Governmental: General	\$ 107,072	\$ 3,339,404	\$ 3,446,476	\$ 3,120,030	\$ (219,374)	\$ -	\$ 3,233,800	\$ 3,233,800	\$ 3,217,825	\$ -	\$ 3,217,825	\$ 15,975
Total (Memorandum Only)	\$ 107,072	\$ 3,339,404	\$ 3,446,476	\$ 3,120,030	\$ (219,374)	\$ -	\$ 3,233,800	\$ 3,233,800	\$ 3,217,825	\$ -	\$ 3,217,825	\$ 15,975

**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, 2003

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash receipts:			
Intergovernmental	\$ 3,061,904	\$ -	\$ 3,061,904
Charges for services	62,469	-	62,469
Fees - telephone	64,656	-	64,656
Other	14,690	-	14,690
Total cash receipts	<u>3,203,719</u>	<u>-</u>	<u>3,203,719</u>
Cash disbursements:			
Current:			
Salaries and benefits	2,295,852	-	2,295,852
Insurance	282,453	-	282,453
Supplies	40,219	-	40,219
Equipment	43,267	28,194	71,461
Contract repair and services	196,695	-	196,695
Travel	2,843	-	2,843
Advertising/printing	5,263	-	5,263
Training	5,122	-	5,122
Medical supplies and services	84,118	-	84,118
Utilities	208,134	-	208,134
Food	175,415	-	175,415
Vehicle maintenance and supplies	10,543	-	10,543
Other	6,237	1,655	7,892
Total cash disbursements	<u>3,356,161</u>	<u>29,849</u>	<u>3,386,010</u>
Total cash receipts (under) cash disbursements	<u>(152,442)</u>	<u>(29,849)</u>	<u>(182,291)</u>
Other financing receipts/(disbursements):			
Other sources	72,183	-	72,183
Total other financing receipts/(disbursements)	<u>72,183</u>	<u>-</u>	<u>72,183</u>
Excess of cash receipts and other financing receipts (under) cash disbursements and other financing disbursements	(80,259)	(29,849)	(110,108)
Cash fund balances, January 1, 2003	<u>187,331</u>	<u>141,521</u>	<u>328,852</u>
Cash fund balances, December 31, 2003	<u>\$ 107,072</u>	<u>\$ 111,672</u>	<u>\$ 218,744</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, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Commissary Sales	\$ 117,194	\$ -	\$ 117,194
Total operating cash receipts	<u>117,194</u>	<u>-</u>	<u>117,194</u>
Operating cash disbursements:			
Supply expense	113,234	-	113,234
Total operating cash disbursements	<u>113,234</u>	<u>-</u>	<u>113,234</u>
Operating income	<u>3,960</u>	<u>-</u>	<u>3,960</u>
Nonoperating cash receipts/(disbursements):			
Other nonoperating receipts	-	266,217	266,217
Other nonoperating disbursements	-	(266,292)	(266,292)
Total nonoperating cash receipts/(disbursements)	<u>-</u>	<u>(75)</u>	<u>(75)</u>
Net receipts over/(under) disbursements	3,960	(75)	3,885
Cash fund balances, January 1, 2003	<u>7,662</u>	<u>495</u>	<u>8,157</u>
Cash fund balances, December 31, 2003	<u>\$ 11,622</u>	<u>\$ 420</u>	<u>\$ 12,042</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, 2003

Fund Types	Receipts					Disbursements						
	Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental: General	\$ 187,331	\$ 3,441,273	\$ 3,628,604	\$ 3,275,902	\$ (165,371)	\$ -	\$ 3,441,273	\$ 3,441,273	\$ 3,356,161	\$ -	\$ 3,356,161	\$ 85,112
Total (Memorandum Only)	<u>\$ 187,331</u>	<u>\$ 3,441,273</u>	<u>\$ 3,628,604</u>	<u>\$ 3,275,902</u>	<u>\$ (165,371)</u>	<u>\$ -</u>	<u>\$ 3,441,273</u>	<u>\$ 3,441,273</u>	<u>\$ 3,356,161</u>	<u>\$ -</u>	<u>\$ 3,356,161</u>	<u>\$ 85,112</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

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 FUND TYPE:

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 significant 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, 2004 AND 2003

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

PROPRIETARY FUND TYPE:

Enterprise Funds

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

Trust and Agency Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Center to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Center has no trust funds. Funds for which the Center is acting in an agency capacity are classified as agency funds. The Center had the following significant 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, 2004 AND 2003**

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 2004 and 2003.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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, 2004 and 2003.

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, 2004 AND 2003**

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, 2004 and 2003, the Center's share of the County's cash pool was \$120,069 and \$218,744, 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, 2004 and 2003 are \$15,039 and \$12,042, 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) of Ohio. 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 2004 and 2003, OPERS members contribute 8.5% of their gross salaries. The Center contributes an amount equal to 13.55% of participants' gross salaries. The Center has paid all contributions required through December 31, 2004 and 2003.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

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.

NOTE 8 - CONTINGENT LIABILITY

LITIGATION

The Center is currently involved in a class action lawsuit involving a former “pay-to-stay” program, whereby prisoners were charged booking and per diem fees for time spent in the jail facilities. The Center will likely be required to refund “pay-to-stay” charges collected from inmates. The amount of “pay-to-stay” charges that may need to be refunded has not yet been determined.

JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Independent Accountant’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

We have audited the financial statements of the Multi County Correctional Center (the “Center”), Marion County, Ohio, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 28, 2005, wherein we noted the 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

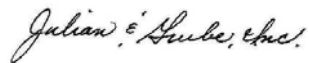
In planning and performing our audit, we considered the Multi County Correctional Center’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Multi County Correctional Center in a separate letter dated June 28, 2005.

Board of Commissioners
Multi County Correctional Center

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

This report is intended solely for the information of the management and the Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
June 28, 2005



**Auditor of State
Betty Montgomery**

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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
SEPTEMBER 22, 2005**