



Mary Taylor, CPA
Auditor of State

**MAHONING COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
MAHONING COUNTY**

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Mary Taylor, CPA
Auditor of State

Mahoning County Community Based Correctional Facility
Mahoning County
Community Corrections Association, Inc.
1507 Market Street
Youngstown, Ohio 44507

To the Judicial Advisory Board and Facility Governing Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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July 30, 2007

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Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mahoning County Community Based Correctional Facility
Mahoning County
Community Corrections Association, Inc.
1507 Market Street
Youngstown, Ohio 44507

To the Judicial Advisory Board and Facility Governing Board:

We have audited the accompanying financial statements of the Mahoning County Community Based Correctional Facility (the Facility) as of and for the years ended June 30, 2006 and 2005. These financial statements are the responsibility of the Facility's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit 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 1, the Facility has prepared these financial statements using accounting practices the Ohio Department of Rehabilitation and Corrections 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 Facility to reformat its financial statement presentation and make other changes. Instead of the fund statements presented, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately. While the Facility does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. Since the Facility 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 Facility uses. 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 Facility's funds as of June 30, 2006 and 2005, or their changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and unpaid obligations of the Facility as of June 30, 2006 and 2005, and the related cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2007, on our consideration of the Facility's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine 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*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 30, 2007

**MAHONING COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
MAHONING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	State Appropriations and Grants		Offender Funds			Totals
	ODRC 501-501	Federal	Offender Personal Funds	Telephone Commission	Other/ Misc.	
Cash Receipts:						
Intergovernmental	\$ 2,099,772	\$ 24,614				\$ 2,124,386
Collections from offenders			\$ 110,766			110,766
Commissions				\$ 8,691	\$ 8,378	17,069
Total Cash Receipts	2,099,772	24,614	110,766	8,691	8,378	2,252,221
Cash Disbursements:						
Current:						
Personnel	1,679,853	31,933				1,711,786
Operating Expenses	386,886	2,867		8,691		398,444
Program Expenses	35,787				8,378	44,165
Equipment	11,757					11,757
Offender Disbursements:						
Offender legal obligations			1,622			1,622
Offender reimbursements			633			633
Offender approved withdrawals			52,356			52,356
Offender savings paid at exit			53,152			53,152
Total Cash Disbursements	2,114,283	34,800	107,763	8,691	8,378	2,273,915
Total Receipts Over/(Under) Disbursements	(14,511)	(10,186)	3,003			(21,694)
Other Financing Sources/(Uses)	14,511	10,186				24,697
Fund Cash Balances, July 1, 2005			559			559
Fund Cash Balances, June 30, 2006	\$	\$	\$ 3,562	\$	\$	\$ 3,562

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

**MAHONING COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
MAHONING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	State Appropriations and Grants		Offender Funds			Totals
	ODRC 501-501	Federal	Offender Personal Funds	Telephone Commission	Other/ Misc.	
Cash Receipts:						
Intergovernmental	\$ 2,099,772	\$ 34,000				\$ 2,133,772
Collections from offenders			\$ 112,908			112,908
Commissions				\$ 9,131	\$ 7,541	16,672
Total Cash Receipts	2,099,772	34,000	112,908	9,131	7,541	2,263,352
Cash Disbursements:						
Current:						
Personnel	1,571,883	34,188				1,606,071
Operating Expenses	430,676	712		9,131		440,519
Program Expenses	53,274				7,541	60,815
Equipment	45,107					45,107
Offender Disbursements:						
Offender legal obligations			7,348			7,348
Offender reimbursements			4,737			4,737
Offender approved withdrawals			44,171			44,171
Offender savings paid at exit			59,946			59,946
Total Cash Disbursements	2,100,940	34,900	116,202	9,131	7,541	2,268,714
Total Receipts Over/(Under) Disbursements	(1,168)	(900)	(3,294)			(5,362)
Other Financing Sources/(Uses)	1,168	900				2,068
Fund Cash Balances, July 1, 2004			3,853			3,853
Fund Cash Balances, June 30, 2005	\$	\$	\$ 559	\$	\$	\$ 559

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

**MAHONING COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Mahoning County Community Based Correctional Facility, Mahoning County (the Facility) provides an alternative to prison incarceration for felony offenders. The Facility is the last step in the continuum of increasing punishment before prison incarceration. The Facility is a minimum security operation housing approximately seventy offenders. The Judicial Corrections Board administers the Facility. The Board is comprised of common pleas court judges from the County the Facility serves. The Facility serves Mahoning County.

For the years ended June 30, 2006 and 2005, the financial statement presents all funds related to the Facility.

The Judicial Corrections Board has contracted Facility operation responsibilities to the Community Corrections Association, Inc. (CCA, Inc.), a non profit organization. CCA, Inc. is responsible for essentially all management decisions related to the Facility, subject to the Judicial Corrections Board's oversight

B. Basis of Accounting

These financial statements follow the basis of accounting the Ohio Department of Rehabilitation and Corrections prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Facility recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements adequately disclose material matters the Auditor of State requires.

C. Cash

CCA, Inc. is the custodian of the Facility's grant funds and State appropriations. CCA, Inc. holds these Facility assets in a regular checking account. The Facility holds offenders' cash in demand deposit accounts.

D. Fund Accounting

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

State Appropriations and Grants

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

**MAHONING COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

Federal: Reports amounts received from the Federal government, including amounts passed through ODRC.

ABLE Grant - These monies are received from the federal government for education and training of the Facility's residents.

Offender Funds

Telephone Commissions: Reports amounts received from telephone commissions generated by calls offenders place to locations outside the Facility. The Facility spends this money for programs and services benefiting the offenders.

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

Other/Miscellaneous:

Vending Commissions – Amounts received as commissions from vending machines located in the Facility residence halls. The Facility spends this money for programs and services benefiting the offenders.

E. Budgetary Process

1. Appropriations

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

2. Encumbrances

The budgetary disbursement amounts reported in Note 2 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts not liquidated within ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension.

A summary of 2006 and 2005 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The Facility records acquisitions of property, plant, and equipment as capital project disbursements when paid. The financial statements do not report these items as assets.

**MAHONING COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accumulated Leave

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

2. BUDGETARY ACTIVITY

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2006 and 2005 follows:

2006 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,106,772	\$2,106,772	

2005 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,099,772	\$2,099,772	

3. COLLATERAL ON DEPOSITS AND INVESTMENTS

Grants and State Appropriations

CCA, Inc. is responsible for collateralizing deposits and investments for grants and State appropriations it holds as custodian for the Facility.

OFFENDER FUNDS

Deposits

The Facility has Federal Deposit Insurance Corporation coverage of \$100,000 for Offender Funds. There were no uncollateralized amounts at June 30, 2006 and 2005.

4. REFUND TO ODRC

The agreement between CCA, Inc. and ODRC permits the Facility to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Facility must refund any excess over this amount to ODRC. Since the Facility spent the entire grant award, there was no requirement for a refund.

**MAHONING COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006 AND 2005
(Continued)**

5. RETIREMENT SYSTEMS

The Facility's employees pay social security tax on wages earned. This plan provides retirement benefits, including post retirement healthcare (Medicare), and survivor and disability benefits to participants as prescribed by the Federal Laws and Regulations.

Tax rates are also prescribed by Federal Laws and Regulations. For 2006 and 2005 the tax rate was 7.65%. The 7.65% tax rate is the combined rate for Social Security and Medicare. The Social Security portion is 6.20% on earnings up to the applicable taxable maximum amount. The Medicare portion is 1.45% on all earnings.

6. RISK MANAGEMENT

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Mahoning County Community Based Correctional Facility
Mahoning County
Community Corrections Association, Inc.
1507 Market Street
Youngstown, Ohio 44507

To the Judicial Advisory Board and Facility Governing Board:

We have audited the financial statements of the Mahoning County Community Correctional Facility (the Facility) as of and for the years ended June 30, 2006 and 2005, and have issued our report thereon dated July 30, 2007, wherein we noted the Facility followed accounting practices the Ohio Department of Rehabilitation and Corrections prescribes or permits 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 Facility's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Facility's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Facility's management dated July 30, 2007, we reported another matter related to noncompliance we deemed immaterial.

Mahoning County Community Based Correctional Facility
Mahoning County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We intend this report solely for the information and use of the audit committee, management, the Judicial Advisory Board, the Facility Governing Board, and the Ohio Department of Rehabilitation and Corrections. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 30, 2007



Mary Taylor, CPA
Auditor of State

MAHONING COUNTY COMMUNITY BASED CORRECTIONAL FACILITY

MAHONING 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**