



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Mahoning County Community Based Correctional Facility, Mahoning County, (the Facility) as of and for the years ended June 30, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Facility's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Facility's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statements, the Facility prepared these financial statements using the accounting basis permitted by the financial reporting provisions of the Ohio Department of Rehabilitation and Corrections, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles – (Continued)

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Facility does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Facility as of June 30, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Mahoning County Community Based Correctional Facility, Mahoning County as of June 30, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2015, 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 internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Facility's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 3, 2015

OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
COMMUNITY BASED CORRECTIONAL FACILITY
MAHONING COUNTY COMMUNITY BASED CORRECTIONAL FACILITY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

| | State Appropriations and Grants | | Offender Funds | | | Totals |
|---|---------------------------------|---------------|-------------------------------|--------------------------|-----------------|------------------|
| | ODRC 501-501 | Federal | Offender Personal Funds | Telephone Commissions | Other/ Misc. | |
| Cash Receipts: | | | | | | |
| Intergovernmental | \$ 2,148,020 | \$ - | - | - | - | \$ 2,148,020 |
| Collections and Receipts from offenders | - | - | \$ 184,566 | - | - | 184,566 |
| Commissions | - | - | - | \$ 7,226 | \$ 10,447 | 17,673 |
| Reimbursement | - | 32,500 | - | - | - | 32,500 |
| Total Cash Receipts | 2,148,020 | 32,500 | 184,566 | 7,226 | 10,447 | 2,382,759 |
| Cash Disbursements: | | | | | | |
| Personnel | 1,471,995 | 27,646 | - | - | 2,804 | 1,502,445 |
| Operating costs | 517,582 | 4,854 | - | 7,226 | 7,643 | 537,305 |
| Program costs | 38,286 | - | - | - | - | 38,286 |
| Equipment | 120,572 | - | - | - | - | 120,572 |
| Offender Disbursements: | | | | | | |
| Offender legal obligations | - | - | 6,082 | - | - | 6,082 |
| Offender reimbursements | - | - | 483 | - | - | 483 |
| Offender payments to CBCF | - | - | 84,891 | - | - | 84,891 |
| Offender savings paid at exit | - | - | 85,621 | - | - | 85,621 |
| Total Cash Disbursements | 2,148,435 | 32,500 | 177,077 | 7,226 | 10,447 | 2,375,685 |
| Total Receipts Over/(Under) Disbursements | (415) | - | 7,489 | - | - | 7,074 |
| Other Financing Sources/(Uses) | 415 | - | - | - | - | 415 |
| Fund Cash Balances, July 1, 2013 | - | - | 12,043 | - | - | 12,043 |
| Fund Cash Balances, June 30, 2014 | \$ - | \$ - | \$ 19,532 | \$ - | \$ - | \$ 19,532 |
| Unpaid Obligations/Open Purchase Orders | \$ - | - | - | - | - | - |

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

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
COMMUNITY BASED CORRECTIONAL FACILITY
MAHONING COUNTY COMMUNITY BASED CORRECTIONAL FACILITY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| | State Appropriations and Grants | | Offender Funds | | | Totals |
|--|---------------------------------|---------------|-------------------------------|--------------------------|-----------------|------------------|
| | ODRC 501-501 | Federal | Offender Personal Funds | Telephone Commissions | Other/ Misc. | |
| Cash Receipts: | | | | | | |
| Intergovernmental | \$ 2,084,470 | \$ - | \$ - | \$ - | \$ - | \$ 2,084,470 |
| Collections and Receipts from offenders | - | - | 167,881 | - | - | 167,881 |
| Commissions | - | - | - | 6,986 | 11,122 | 18,108 |
| Reimbursement | - | 35,115 | - | - | - | 35,115 |
| Total Cash Receipts | 2,084,470 | 35,115 | 167,881 | 6,986 | 11,122 | 2,305,574 |
| Cash Disbursements: | | | | | | |
| Personnel | 1,544,082 | 27,646 | - | - | - | 1,571,728 |
| Operating costs | 466,293 | - | - | 6,986 | 3,227 | 476,506 |
| Program costs | 38,294 | - | - | - | 7,895 | 46,189 |
| Equipment | 36,157 | - | - | - | - | 36,157 |
| Offender Disbursements: | | | | | | |
| Offender legal obligations | - | - | 7,504 | - | - | 7,504 |
| Offender reimbursements | - | - | 921 | - | - | 921 |
| Offender payments to CBCF | - | - | 77,820 | - | - | 77,820 |
| Offender savings paid at exit | - | - | 76,384 | - | - | 76,384 |
| Total Cash Disbursements | 2,084,826 | 27,646 | 162,629 | 6,986 | 11,122 | 2,293,209 |
| Total Receipts Over/(Under) Disbursements | (356) | 7,469 | 5,252 | - | - | 12,365 |
| Other Financing Sources/(Uses) | 356 | - | - | - | - | 356 |
| Fund Cash Balances, July 1, 2013 - Restated See Note | - | (7,469) | 6,791 | - | - | (678) |
| Fund Cash Balances, June 30, 2014 | \$ - | \$ - | \$ 12,043 | \$ - | \$ - | \$ 12,043 |
| Unpaid Obligations/Open Purchase Orders | \$ - | | | | | |

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, 2014 AND 2013**

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 Advisory Board oversees the Facility's operations. Common pleas judges from the County the Facility serves comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facility Governing Board and advises the Facilities Governing Board regarding Facility matters. The Facility serves Mahoning County.

For the years ended June 30, 2014 and 2013, the financial statements present all funds related to the Facility.

The Facilities Governing Board has contracted Facility operations to 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. Accounting Basis

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 Facility 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 the Ohio Department of Rehabilitation and Corrections requires.

C. Deposits

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.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies

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 resident 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 ORDC, unless ORDC approves an extension.

A summary of 2014 and 2013 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

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

G. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013
(Continued)**

2. Restatement of Prior Year's Balance

The prior year's fund balance was restated as follows:

| Fund Name | June 30, 2012 Balance | Restatement Amount | July 1, 2012 Restated Balance |
|--------------|--------------------------|-----------------------|----------------------------------|
| Federal Fund | \$ 0 | \$7,469 | (\$7,469) |

3. Budgetary Activity

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2014 and 2013 follows:

| 2014 Budgeted vs. Actual Budgetary Basis Expenditures | | |
|---|---------------------------|----------|
| Budget | Budgetary Expenditures | Variance |
| \$2,148,020 | \$2,148,020 | |

| 2013 Budgeted vs. Actual Budgetary Basis Expenditures | | |
|---|---------------------------|----------|
| Budget | Budgetary Expenditures | Variance |
| \$2,084,470 | \$2,084,470 | |

4. 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 \$250,000 for Offender Funds. There were no uncollateralized amounts at June 30, 2014 and 2013.

5. Refund to ODRC

The agreement between the County and ODRC permits the Facility to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Facility must refund any excess over this amount to ODRC. 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, 2014 AND 2013
(Continued)**

6. 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 Federal Laws and Regulations.

Tax rates are also prescribed by Federal Laws and Regulations. For 2014 and 2013 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.

7. Risk Management

Commercial Insurance

The Facility has obtained commercial insurance for the following risks

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



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Mahoning County Community Based Correctional Facility, Mahoning County, (the Facility) as of and for the years ended June 30, 2014, and 2013, and the related notes to the financial statements and have issued our report thereon dated November 3, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Facility's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Facility's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Facility's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Facility's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Facility's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

November 3, 2015



Dave Yost • 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
DECEMBER 15, 2015**