



Dave Yost • Auditor of State

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

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Dave Yost • 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:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each fund and the related notes of the Mahoning County Community Based Correctional Facility, Mahoning County, (the Facility) as of and for the years ended June 30, 2016 and 2015.

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 (GAAP), to satisfy requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are 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 the Ohio Department of Rehabilitation and Corrections 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, 2016 and 2015, or changes in financial position thereof for the year 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, receipts and disbursements for each fund of the Mahoning County Community Based Correctional Facility, Mahoning County as of and for the years ended June 30, 2016 and 2015 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 June 7, 2017, 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

June 7, 2017

**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 (REGULATORY CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	State Appropriations and Grants		Offender Funds			Totals
	ODRC 501-501	Federal	Offender Personal Funds	Telephone Commissions	Other/ Misc.	
Cash Receipts:						
Intergovernmental	\$ 2,228,020	\$ 8,125	-	-	-	\$ 2,236,145
Collections and Receipts from offenders	-	-	\$ 216,966	-	-	216,966
Commissions	-	-	-	\$ 7,482	\$ 10,548	18,030
Reimbursement	-	24,375	-	-	-	24,375
Total Cash Receipts	2,228,020	32,500	216,966	7,482	10,548	2,495,516
Cash Disbursements:						
Personnel	1,561,300	28,722	-	-	-	1,590,022
Operating costs	570,959	3,778	-	7,482	2,885	585,104
Program costs	33,637	-	-	-	7,663	41,300
Equipment	66,457	-	-	-	-	66,457
Offender Disbursements:						
Offender legal obligations	-	-	4,187	-	-	4,187
Offender reimbursements	-	-	458	-	-	458
Offender approved withdrawals	-	-	111,793	-	-	111,793
Offender savings paid at exit	-	-	97,039	-	-	97,039
Total Cash Disbursements	2,232,353	32,500	213,477	7,482	10,548	2,496,360
Total Receipts Over/(Under) Disbursements	(4,333)	-	3,489	-	-	(844)
Other Financing Sources/(Uses)	4,333	-	-	-	-	4,333
Fund Cash Balances, July 1, 2015	-	-	12,307	-	-	12,307
Fund Cash Balances, June 30, 2016	\$ -	\$ -	\$ 15,796	\$ -	\$ -	\$ 15,796
Unpaid Obligations/Open Purchase Orders	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 1 – Reporting 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. A Facilities Governing 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 year ended June 30, 2016, 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 Facilities Governing Board's oversight.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Facility's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

The Facility 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 Facility are presented below:

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)**

Note 2 – Summary of Significant Accounting Policies – (Continued)

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.

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 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.

Budgetary Process

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.

Encumbrances

The budgetary disbursement amounts reported in Note 3 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 2016 budgetary activity appears in Note 3.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016
(Continued)**

Note 2 – Summary of Significant Accounting Policies – (Continued)

Capital Assets

The Facility 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 – Budgetary Activity

Budgetary activity for ODRC 501-501 funding for the year ending June 30, 2016 follows:

<u>2016 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
<u>Budget</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<u>\$2,228,020</u>	<u>\$2,228,020</u>	<u></u>

Note 4 – Collateral on Deposits and Investments

Grants and State Appropriations

CCA Inc. is responsible for collateralizing deposits and investments for grants and State appropriations the County 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, 2016.

Note 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, 2016
(Continued)**

Note 5 – Refund to ODRC – (Continued)

Refund to ODRC	
	2016
Cash, July 1	\$ -
Disbursements Against Prior Year Budget	-
Payable to ODRC, July 1	-
Sub-Total	-
501 Cash Receipts	\$ 2,228,020
Budgetary Basis Disbursements	(2,232,353)
Amount Subject to Refund, June 30	(\$4,333)
One-Twelfth of 501 Award	(185,668)
Refundable to ODRC	(\$190,001)
Calculation of Payable to ODRC	
	2016
Payable, July 1	\$ -
Cash Refunded	-
Refundable to ODRC, June 30	-
Payable, June 30	\$ -

Note 6 – Risk Management

Commercial Insurance

The Facility has obtained commercial insurance for the following risks

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

Note 7 – Defined Benefit Pension Plans

Social Security

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 2016 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.

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 (REGULATORY CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	State Appropriations and Grants		Offender Funds			Totals
	ODRC 501-501	Federal	Offender Personal Funds	Telephone Commissions	Other/ Misc.	
Cash Receipts:						
Intergovernmental	\$ 2,193,020	\$ 32,500	\$ -	\$ -	\$ -	\$ 2,225,520
Collections and Receipts from offenders	-	-	183,625	-	-	183,625
Commissions	-	-	-	9,355	10,591	19,946
Reimbursement	-	-	-	-	-	-
Total Cash Receipts	2,193,020	32,500	183,625	9,355	10,591	2,429,091
Cash Disbursements:						
Personnel	1,498,401	27,727	-	-	-	1,526,128
Operating costs	578,560	4,773	-	9,355	3,122	595,810
Program costs	47,258	-	-	-	7,469	54,727
Equipment	71,230	-	-	-	-	71,230
Offender Disbursements:						
Offender legal obligations	-	-	4,540	-	-	4,540
Offender reimbursements	-	-	1,613	-	-	1,613
Offender payments to CBCF	-	-	104,449	-	-	104,449
Offender savings paid at exit	-	-	80,248	-	-	80,248
Total Cash Disbursements	2,195,449	32,500	190,850	9,355	10,591	2,438,745
Total Receipts Over/(Under) Disbursements	(2,429)	-	(7,225)	-	-	(9,654)
Other Financing Sources/(Uses)	2,429	-	-	-	-	2,429
Fund Cash Balances, July 1, 2014	-	-	19,532	-	-	19,532
Fund Cash Balances, June 30, 2015	\$ -	\$ -	\$ 12,307	\$ -	\$ -	\$ 12,307
Unpaid Obligations/Open Purchase Orders	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015**

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

Note 2 – Summary of Significant Accounting Policies – (Continued)

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These statements include adequate disclosure of material matters the Ohio Department of Rehabilitation and Corrections requires.

Budgetary Process

Appropriations

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Encumbrances

The budgetary disbursement amounts reported in Note 3 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 2015 budgetary activity appears in Note 3.

Deposits

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)**

Note 2 – Summary of Significant Accounting Policies – (Continued)

Capital Assets

The Facility 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 – Budgetary Activity

Budgetary activity for ODRC 501-501 funding for the year ending June 30, 2015 follows:

2015 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,193,020	\$2,193,020	

Note 4 – Collateral on Deposits and Investments

Grants and State Appropriations

CCA Inc. is responsible for collateralizing deposits and investments for grants and State appropriations the County 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, 2015.

Note 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, 2015
(Continued)**

Note 5 – Refund to ODRC – (Continued)

Refund to ODRC	
	2015
Cash, July 1	\$ -
Disbursements Against Prior Year Budget	-
Payable to ODRC, July 1	-
Sub-Total	-
501 Cash Receipts	\$ 2,193,020
Budgetary Basis Disbursements	(2,195,949)
Amount Subject to Refund, June 30	(\$2,929)
One-Twelfth of 501 Award	(182,752)
Refundable to ODRC	(\$185,681)
Calculation of Payable to ODRC	
	2015
Payable, July 1	\$ -
Cash Refunded	-
Refundable to ODRC, June 30	-
Payable, June 30	\$ -

Note 6 – Risk Management

Commercial Insurance

The Facility has obtained commercial insurance for the following risks

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

Note 7 – Defined Benefit Pension Plans

Social Security

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 2015 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.



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, 2016, and 2015, and the related notes to the financial statements and have issued our report thereon dated June 7, 2017, wherein we noted the Facility uses a special purpose framework other than generally accepted accounting principles.

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

June 7, 2017



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
AUGUST 3, 2017**