



Mary Taylor, CPA
Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - For the Period Ended June 30, 2008	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - For the Period Ended June 30, 2007	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

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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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October 13, 2009

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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, 2008 and 2007. 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, 2008 and 2007, 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, 2008 and 2007, 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 October 13, 2009, 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

October 13, 2009

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE PERIOD ENDED JUNE 30, 2008**

	State Appropriations and Grants		Offender Funds			Totals
	ODRC 501-501	Federal	Offender Personal Funds	Telephone Commission	Other/ Misc.	
Cash Receipts:						
Intergovernmental	\$ 2,246,470	\$ 41,243	\$ -	\$ -	\$ -	\$ 2,287,713
Collections from offenders	-	-	159,126	-	-	159,126
Commissions	-	-	-	13,019	9,407	22,426
Total Cash Receipts	2,246,470	41,243	159,126	13,019	9,407	2,469,265
Cash Disbursements:						
Current:						
Personnel	1,596,218	42,105	-	-	-	1,638,323
Operating Expenses	550,179	800	-	13,019	3,803	567,801
Program Expenses	35,150	-	-	-	5,604	40,754
Equipment	65,155	-	-	-	-	65,155
Offender Disbursements:						
Offender legal obligations	-	-	2,952	-	-	2,952
Offender reimbursements	-	-	255	-	-	255
Offender approved withdrawals	-	-	79,565	-	-	79,565
Offender savings paid at exit	-	-	84,461	-	-	84,461
Total Cash Disbursements	2,246,702	42,905	167,233	13,019	9,407	2,479,266
Total Receipts Over/(Under) Disbursements	(232)	(1,662)	(8,107)	-	-	(10,001)
Other Financing Sources/(Uses)	232	1,662	-	-	-	1,894
Fund Cash Balances, July 1, 2007	-	-	14,370	-	-	14,370
Fund Cash Balances, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,263</u>

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 PERIOD ENDED JUNE 30, 2007**

	State Appropriations and Grants		Offender Funds			Totals
	ODRC 501-501	Federal	Offender Personal Funds	Telephone Commission	Other/ Misc.	
Cash Receipts:						
Intergovernmental	\$ 2,130,772	\$ 23,516	\$ -	\$ -	\$ -	\$ 2,154,288
Collections from offenders	-	-	170,024	-	-	170,024
Commissions	-	-	-	12,301	8,820	21,121
Total Cash Receipts	2,130,772	23,516	170,024	12,301	8,820	2,345,433
Cash Disbursements:						
Current:						
Personnel	1,678,235	32,105	-	-	-	1,710,340
Operating Expenses	404,878	740	-	12,301	3,686	421,605
Program Expenses	44,594	-	-	-	5,134	49,728
Equipment	5,005	-	-	-	-	5,005
Offender Disbursements:						
Offender legal obligations	-	-	5,710	-	-	5,710
Offender reimbursements	-	-	560	-	-	560
Offender approved withdrawals	-	-	89,781	-	-	89,781
Offender savings paid at exit	-	-	63,165	-	-	63,165
Total Cash Disbursements	2,132,712	32,845	159,216	12,301	8,820	2,345,894
Total Receipts Over/(Under) Disbursements	(1,940)	(9,329)	10,808	-	-	(461)
Other Financing Sources/(Uses)	1,940	9,329	-	-	-	11,269
Fund Cash Balances, July 1, 2006	-	-	3,562	-	-	3,562
Fund Cash Balances, June 30, 2007	\$ -	\$ -	\$ 14,370	\$ -	\$ -	\$ 14,370

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, 2008 AND 2007**

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, 2008 and 2007, 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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 2008 and 2007 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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2008 and 2007 follows:

2008 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,246,470	\$2,246,470	

2007 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,130,772	\$2,130,772	

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 \$250,000 for Offender Funds. There were no uncollateralized amounts at June 30, 2008 and 2007.

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.

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 2008 and 2007 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007
(Continued)**

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, 2008 and 2007, and have issued our report thereon dated October 13, 2009, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Facility's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Facility's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Facility's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Facility's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Facility's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

We did note a certain noncompliance or other matter that we reported to the Facility's management in a separate letter dated October 13, 2009.

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.

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Mary Taylor, CPA
Auditor of State

October 13, 2009



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Auditor of State

**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
NOVEMBER 10, 2009**