

***WEST CENTRAL COMMUNITY CORRECTIONAL
FACILITY
UNION COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2014 & 2013





Dave Yost • Auditor of State

Members of the Judicial Advisory Board and Facility Governing Board
West Central Community Correctional Facility
18200 State Route 4 North
Marysville, Ohio 43040

We have reviewed the *Report of Independent Accountants* of the West Central Community Correctional Facility, Union County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2012 through June 30, 2014. 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.

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 West Central Community Correctional Facility is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

December 22, 2014

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WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY, OHIO
Audit Report
For the Years Ended June 30, 2014 and 2013

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

West Central Community Correctional Facility
Union County
18200 State Route 4 North
Marysville, Ohio 43040

To the Members of 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 West Central Community Correctional Facility, Union 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 Rehabilitations 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 Rehabilitations and Corrections, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

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.

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 West Central Community Correctional Facility, Union 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 Rehabilitations 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 5, 2014, 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.



Charles E. Harris & Associates, Inc.
November 5, 2014

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>State Appropriations and Grants</u>				<u>Offender Funds</u>		Totals
	ODRC 501-501	Federal	Capital CAP 003	Probation	Family Fund	Resident Fund	
Cash Receipts:							
Intergovernmental	\$ 3,303,782	\$ 72,870	\$ -	\$ 306,338	\$ -	\$ -	\$ 3,682,990
Receipts for offenders	-	-	-	-	-	184,167	184,167
Telephone Commissions	-	-	-	-	14,000	-	14,000
Commissary	-	-	-	-	45,641	-	45,641
Commission	-	-	-	-	8,885	-	8,885
Cafeteria Sales	7,789	-	-	-	4,071	-	11,860
Charges for Services	35,726	-	-	-	30,631	-	66,357
Overpayment/Refund	630	-	-	-	14	-	644
Donations	-	-	-	-	200	-	200
Total Cash Receipts	<u>3,347,927</u>	<u>72,870</u>	<u>-</u>	<u>306,338</u>	<u>103,442</u>	<u>184,167</u>	<u>4,014,744</u>
Cash Disbursements:							
Personnel	2,487,466	-	-	159,122	-	-	2,646,588
Operating costs	633,278	-	-	8,577	19,836	35,369	697,060
Program costs	158,962	59,023	-	9,224	-	-	227,209
Equipment	11,287	-	-	3,754	9,650	-	24,691
State Reimbursement - Unspent Funds	-	-	-	110,864	-	-	110,864
Offender Disbursements:							
Offender legal obligations	-	-	-	-	-	10,013	10,013
Offender Personal Costs	-	-	-	-	-	520	520
Offender Recreational Costs	-	-	-	-	57,374	-	57,374
Offender Program Operating Costs	-	-	-	-	32,238	5,512	37,750
Offender payments to Family Fund	-	-	-	-	-	85,157	85,157
Offender savings paid at exit	-	-	-	-	-	49,974	49,974
Total Cash Disbursements	<u>3,290,993</u>	<u>59,023</u>	<u>-</u>	<u>291,541</u>	<u>119,099</u>	<u>186,545</u>	<u>3,947,200</u>
Disbursements from prior FY (Including refund to ODRC)	<u>49,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,703</u>
Total Receipts Over/(Under) Disbursements	<u>7,232</u>	<u>13,847</u>	<u>-</u>	<u>14,798</u>	<u>(15,657)</u>	<u>(2,378)</u>	<u>17,842</u>
Fund Cash Balances, July 1, 2013	<u>275,619</u>	<u>28,780</u>	<u>16,328</u>	<u>116,920</u>	<u>21,720</u>	<u>9,391</u>	<u>468,759</u>
Fund Cash Balances, June 30, 2014	<u>\$ 282,851</u>	<u>\$ 42,627</u>	<u>\$ 16,328</u>	<u>\$ 131,718</u>	<u>\$ 6,063</u>	<u>\$ 7,013</u>	<u>\$ 486,600</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 97,749</u>						

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY**

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

	<u>State Appropriations and Grants</u>				<u>Offender Funds</u>		<u>Totals</u>
	ODRC 501-501	Federal	Capital CAP 003	Probation	Family Fund	Resident Fund	
Cash Receipts:							
Intergovernmental	\$ 3,260,583	\$ 36,424	\$ -	\$ 128,480	\$ -	\$ -	\$ 3,425,486
Receipts for offenders	-	-	-	-	-	283,748	283,748
Telephone Commissions	-	-	-	-	18,746	-	18,746
Commissary	-	-	-	-	56,465	-	56,465
Commission	-	-	-	-	11,076	-	11,076
Cafeteria Sales	8,830	-	-	-	5,957	-	14,787
Charges for Services	28,084	-	-	-	39,563	-	67,647
Overpayment/Refund	2,343	-	-	-	80	-	2,423
Cancelled Check	100	-	-	-	80	-	180
Jury Duty/Court	70	-	-	-	-	-	70
Total Cash Receipts	<u>3,300,010</u>	<u>36,424</u>	<u>-</u>	<u>128,480</u>	<u>131,967</u>	<u>283,748</u>	<u>3,880,628</u>
Cash Disbursements:							
Personnel	2,528,816	-	-	125,566	-	-	2,654,382
Operating costs	575,675	-	-	4,629	26,216	27,243	633,763
Program costs	139,268	40,261	-	6,058	-	-	185,587
Equipment	6,448	-	-	320	11,397	-	18,165
Offender Disbursements:							
Offender legal obligations	-	-	-	-	-	16,150	16,150
Offender Personal Costs	-	-	-	-	-	2,680	2,680
Offender Recreational Costs	-	-	-	-	66,100	-	66,100
Offender Program Operating Costs	-	-	-	-	47,041	3,831	50,872
Offender payments to Family Fund	-	-	-	-	-	107,105	107,105
Offender savings paid at exit	-	-	-	-	-	131,476	131,476
Total Cash Disbursements	<u>3,250,207</u>	<u>40,261</u>	<u>-</u>	<u>136,573</u>	<u>150,754</u>	<u>288,485</u>	<u>3,866,280</u>
Disbursements from prior FY (Including refund to ODRC)	<u>36,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,070</u>
Total Receipts Over/(Under) Disbursements	<u>13,733</u>	<u>(3,838)</u>	<u>-</u>	<u>(8,094)</u>	<u>(18,787)</u>	<u>(4,737)</u>	<u>(21,722)</u>
Fund Cash Balances, July 1, 2012	<u>261,886</u>	<u>32,618</u>	<u>16,328</u>	<u>125,014</u>	<u>40,507</u>	<u>14,128</u>	<u>490,481</u>
Fund Cash Balances, June 30, 2013	<u>\$ 275,619</u>	<u>\$ 28,780</u>	<u>\$ 16,328</u>	<u>\$ 116,920</u>	<u>\$ 21,720</u>	<u>\$ 9,391</u>	<u>\$ 468,759</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 49,703</u>						

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The West Central Community Correctional Facility (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 125 offenders. A Facilities Governing Board oversees the Facility's operations. Common pleas judges from the Counties 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 Board includes at least one common pleas court judge from each county the Facility serves. The Facility serves the following counties:

Champaign County	Logan County	Morrow County
Clark County	Madison County	Union County
Delaware County	Marion County	

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Ohio Department of Rehabilitation and Correction prescribes or permits. This basis is similar to 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 Ohio Department of Rehabilitation and Correction requires.

C. Deposits and Investments

The Clark County and Union County Treasurers are the Custodians of the Facility's grant funds and State appropriations. The Counties hold these Facility assets in the County's deposit and investment pools, valued at the County Treasurer's reported carrying amount. 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:

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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. The Facility received ABLE and Title I funding for contracting instructors and specialists to aid in the rehabilitation of offenders.

Capital CAP 003: Reports amounts received from ODRC to finance all or part of the cost of the renovating or building facilities.

Probation: Reports amounts received from the ODRC for a Probation Improvement and Incentive Funding grant for the purpose of adopting and administering evidence-based programs, policies, projects, or practices to reduce the number of felony offenders on community control who violate the conditions of their supervision and are admitted to prison.

Offender Funds

Resident Fund: The Facility receives and holds amounts 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.

Family Fund: This fund receives Offender Funds, such as telephone and commissary commissions, and per diem rates charged to employed offenders. This fund pays for programs and services benefiting offenders, such as indigent offenders' supplies and entertainment. The Resident Fund reimburses this fund for costs chargeable to Offender Funds.

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. 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.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

1. Appropriations (Continued)

Disbursements from State appropriations and Grants are subject to Clark and Union County's payment approval process. The County Auditor must approve (i.e., certify and encumber) certain payments when the Facility commits to make a payment. 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. (See Note 4)

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.

2. 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 Disbursements

Budget	Budgetary Disbursements	Variance
\$3,344,885	\$3,344,597	\$288

2013 Budgeted vs Actual Budgetary Basis Disbursements

Budget	Budgetary Disbursements	Variance
\$3,260,583	\$3,260,583	\$ -

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

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

3. Collateral on Deposits and Investments

Grants and State Appropriations

The Clark County and Union County Treasurers are responsible for collateralizing deposits and investments for grants and State appropriations the Counties hold 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 as of June 30, 2014 and 2013.

4. 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. The schedule below computes the refund to ODRC for the years ending June 30. Disbursements below include cash paid to liquidate encumbrances outstanding at June 30 and exclude disbursements made during the fiscal year against amounts encumbered the prior June 30. The Facility refunds amounts computed below in the fiscal year following the computation below.

Refund to ODRC

	<u>2014</u>	<u>2013</u>
Cash, July 1	\$ 275,619	\$ 261,886
Disbursements Against Prior Year Budget	(49,703)	(36,070)
Payable to ODRC, July 1	-	-
Sub Total	225,916	225,816
501 Cash Receipt	3,303,782	3,260,583
Budgetary Basis Disbursements	<u>(3,344,597)</u>	<u>(3,260,583)</u>
Amount Subject to Refund, June 30	185,002	225,816
One-Twelfth of 501 Award	<u>(275,315)</u>	<u>(271,715)</u>
Refundable to ODRC	<u>\$ -</u>	<u>\$ -</u>

5. Retirement Systems

The Facility's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes plan benefits, including postretirement healthcare, and survivor and disability benefits.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

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

5. Retirement Systems (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10 percent of their gross salaries and the Facility contributed an amount equaling 14 percent of participants' gross salaries. The Facility has paid all contributions required through June 30, 2014.

6. Risk Management

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

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

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

West Central Community Correctional Facility
Union County
18200 State Route 4 North
Marysville, Ohio 43040

To the Members of 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 West Central Community Correctional Facility, (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 5, 2014, wherein we noted the Facility followed accounting practices the Ohio Department of Rehabilitations and Corrections prescribes.

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.

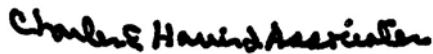
Compliance and Other Matters

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*.

We did note a certain matter not requiring inclusion in this report that we reported to the Facility's management in a separate letter dated November 5, 2014.

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.



Charles E. Harris & Associates, Inc.
November 5, 2014



Dave Yost • Auditor of State

WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY

UNION 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 31, 2014**