



**Auditor of State
Betty Montgomery**

**MAHONING COMMUNITY BASED CORRECTIONAL FACILITY
MAHONING COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Judicial Corrections Board:

We have audited the accompanying financial statements of Mahoning County Community Based Correctional Facility, Mahoning County (the Facility) as of and for the years ended June 30, 2004, 2003 and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 discussed in Note 1, the Facility prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Mahoning County CBCF as of June 30, 2004, 2003 and 2002, 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 March 31, 2005 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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This report is intended solely for the information and use of the audit committee, management, the Judicial Corrections Board, the Ohio Department of Rehabilitations and Corrections and other officials authorized to receive this report under § 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

March 31, 2005

**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, 2004**

	State Appropriations and Grants		Offender Funds			Totals
	ODRC 501-501	Federal	Offender Personal Funds	Telephone Commission	Other/ Misc.	
Cash Receipts:						
Intergovernmental	\$ 2,058,633	\$ 35,000				\$ 2,093,633
Contribution from CCA	2,019					
Collections from offenders			\$ 88,720			88,720
Commissions				\$ 11,918	\$ 6,382	18,300
Total Cash Receipts	<u>2,060,652</u>	<u>35,000</u>	<u>88,720</u>	<u>11,918</u>	<u>6,382</u>	<u>2,200,653</u>
Cash Disbursements:						
Current:						
Personnel	1,524,486					1,524,486
Operating Expenses	436,871	35,000		11,918		483,789
Program Expenses	51,406				6,382	57,788
Equipment	47,889					47,889
Offender Disbursements:						
Offender legal obligations			5,853			5,853
Offender reimbursements			1,853			1,853
Offender approved withdrawals			43,965			43,965
Offender savings paid at exit			39,615			39,615
Total Cash Disbursements	<u>2,060,652</u>	<u>35,000</u>	<u>91,286</u>	<u>11,918</u>	<u>6,382</u>	<u>2,205,238</u>
Total Receipts Over/(Under) Disbursements	-		(2,566)			(4,585)
Fund Cash Balances, July 1, 2003			6,418			6,418
Fund Cash Balances, June 30, 2004	<u>\$</u>	<u>\$</u>	<u>\$ 3,852</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,852</u>

The notes to this financial statement 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, 2003**

	State Appropriations and Grants		Offender Funds			Totals
	ODRC 501-501	Federal	Offender Personal Funds	Telephone Commission	Other/ Misc.	
Cash Receipts:						
Intergovernmental	\$ 1,961,344	\$ 50,000				\$ 2,011,344
Contribution from CCA	5,910					
Collections from offenders			\$ 108,269			108,269
Commissions				\$ 4,913	\$ 5,233	10,146
Total Cash Receipts	1,967,254	50,000	108,269	4,913	5,233	2,129,759
Cash Disbursements:						
Current:						
Personnel	1,483,712					1,483,712
Operating Expenses	367,925	50,000		4,913		422,838
Program Expenses	47,912				5,233	53,145
Equipment	67,705					67,705
Offender Disbursements:						
Offender legal obligations			2,305			2,305
Offender reimbursements			2,008			2,008
Offender approved withdrawals			53,781			53,781
Offender savings paid at exit			48,057			48,057
Total Cash Disbursements	1,967,254	50,000	106,151	4,913	5,233	2,133,551
Total Receipts Over/(Under) Disbursements	-		2,118			(3,792)
Fund Cash Balances, July 1, 2002			4,300			4,300
Fund Cash Balances, June 30, 2003	\$	\$	\$ 6,418	\$	\$	\$ 6,418

The notes to this financial statement 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, 2002**

	State Appropriations and Grants		Offender Funds			Totals
	ODRC 501-501	Federal	Offender Personal Funds	Telephone Commission	Other/ Misc.	
Cash Receipts:						
Intergovernmental	\$ 2,005,040	\$ 5,014				\$ 2,010,054
Contribution from CCA	3,750					
Collections from offenders Commissions			\$ 84,410	\$ 4,331	\$ 2,006	84,410 6,337
Total Cash Receipts	2,008,790	5,014	84,410	4,331	2,006	2,100,801
Cash Disbursements:						
Current:						
Personnel	1,460,704					1,460,704
Operating Expenses	409,895	5,014		4,331		419,240
Program Expenses	72,745				2,006	74,751
Equipment	65,446					65,446
Offender Disbursements:						
Offender legal obligations			3,216			3,216
Offender reimbursements			3,452			3,452
Offender approved withdrawals			43,342			43,342
Offender savings paid at exit			31,786			31,786
Total Cash Disbursements	2,008,790	5,014	81,796	4,331	2,006	2,101,937
Total Receipts Over/(Under) Disbursements	-		2,614			(1,136)
Fund Cash Balances, July 1, 2001			1,686			1,686
Fund Cash Balances, June 30, 2002	\$	\$	\$ 4,300	\$	\$	\$ 550

The notes to this financial statement 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, 2004, 2003 AND 2002**

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, 2004, 2003 and 2002, 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 Correction Board's oversight

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

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
DECEMBER 31, 2004, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

D. 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.

A summary of 2004, 2003 and 2002 budgetary activity appears in Note 2.

E. Property, Plant and Equipment

The Facility records acquisitions of property, plant and equipment as capital project disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 2004, 2003 and 2002 are as follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,058,633	\$2,058,633	

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$1,961,344	\$1,961,344	

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,005,040	\$2,005,040	

3. COLLATERAL ON DEPOSITS

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, 2004, 2003 and 2002.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004, 2003 AND 2002
(Continued)**

4. REFUND TO ODRC

The agreement between the Facility 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, it was not required to refund any amount to ODRC for 2004, 2003, or 2002.

5. RETIREMENT SYSTEM

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 2004, 2003 and 2002 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.



Auditor of State Betty Montgomery

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 Corrections Board:

We have audited the financial statements of the Mahoning County Community Based Correctional Facility, Mahoning County (the Facility) as of and for the years ended June 30, 2004, 2003 and 2002, and have issued our report thereon dated March 31, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether the Facility's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Facility in a separate letter dated March 31, 2005.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Facility's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Facility in a separate letter dated March 31, 2005.

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This report is intended solely for the information and use of the audit committee, management, the Judicial Corrections Board, and the Ohio Department of Rehabilitation and Corrections, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

March 31, 2005



**Auditor of State
Betty Montgomery**

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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
MAY 12, 2005**