

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

AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2016 & 2015





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 *Independent Auditor's Report* of the West Central Community Correctional Facility, Union County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2014 through June 30, 2016. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 14, 2017

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WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY, OHIO
Audit Report
For the Years Ended June 30, 2016 and 2015

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REPORT OF INDEPENDENT AUDITORS

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

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, 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 opinions.

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.

Although the effects on the financial statements of the variances between the regulatory accounting basis of accounting 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

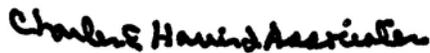
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Facility as of June 30, 2016 and 2015, or changes in financial position thereof for the 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 West Central Community Correctional Facility, Union County as of June 30, 2016 and 2015, 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 December 14, 2016, 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.
December 14, 2016

OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
West Central Community Correctional Facility

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BASIS
FOR THE PERIOD ENDED June 30, 2016

	<u>State Appropriations and Grants</u>				<u>Offender Funds</u>		Totals
	ODRC 501-501	Probation	Federal	Capital CAP 003	Family Fund	Resident Fund	
Cash Receipts:							
Intergovernmental	\$ 3,882,235	\$ 469,924	\$ 48,713	\$ 71,230	\$ -	\$ -	\$ 4,472,102
Cafeteria Sales	10,616	-	-	-	5,698	-	16,314
Receipts for offenders	-	-	-	-	-	182,491	182,491
Collections from offenders	-	-	-	-	27,267	-	27,267
Charges for services	72,003	-	-	-	-	-	72,003
Equipment sold	1,000	-	-	-	-	-	1,000
Commissions	-	-	-	-	30,170	-	30,170
Reimbursement	82	-	-	-	70,210	2,755	73,047
Miscellaneous Revenue	-	-	-	-	1,119	-	1,119
<i>Total Cash Receipts</i>	<u>3,965,936</u>	<u>469,924</u>	<u>48,713</u>	<u>71,230</u>	<u>134,464</u>	<u>185,246</u>	<u>4,875,513</u>
Cash Disbursements:							
Personnel	2,737,810	269,273	-	-	-	-	3,007,083
Operating costs	728,598	10,286	-	71,230	13,255	45,442	868,811
Program costs	253,618	13,719	67,959	-	-	-	335,296
Equipment	-	22,508	-	-	-	-	22,508
Offender Disbursements:							
Offender operating costs	-	-	-	-	51,101	-	51,101
Offender recreation costs	-	-	-	-	70,731	-	70,731
Offender personal costs	-	-	-	-	-	440	440
Offender legal obligations	-	-	-	-	-	6,321	6,321
Offender payments to CBCF	-	-	-	-	-	86,419	86,419
Offender savings paid at exit	-	-	-	-	-	39,301	39,301
<i>Total Cash Disbursements</i>	<u>3,720,026</u>	<u>315,786</u>	<u>67,959</u>	<u>71,230</u>	<u>135,087</u>	<u>177,923</u>	<u>4,488,011</u>
Disbursements from prior FY (Including refund to ODRC)	<u>(142,295)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(142,295)</u>
<i>Total Receipts Over/(Under) Disbursements</i>	103,615	154,138	(19,246)	-	(623)	7,323	245,207
Fund Cash Balances, July 1, 2015	<u>327,819</u>	<u>61,201</u>	<u>45,362</u>	<u>16,328</u>	<u>11,799</u>	<u>1,098</u>	<u>463,607</u>
<i>Fund Cash Balances, June 30, 2016</i>	<u>\$ 431,434</u>	<u>\$ 215,339</u>	<u>\$ 26,116</u>	<u>\$ 16,328</u>	<u>\$ 11,176</u>	<u>\$ 8,421</u>	<u>\$ 708,814</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 245,910</u>						

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

OHIO DEPARTMENT OF REHABILITATION AND CORRECTION
West Central Community Correctional Facility

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BASIS
FOR THE PERIOD ENDED June 30, 2015

	<u>State Appropriations and Grants</u>				<u>Offender Funds</u>		Totals
	ODRC 501-501	Probation	Federal	Capital CAP 003	Family Fund	Resident Fund	
Cash Receipts:							
Intergovernmental	\$ 3,611,663	\$ 189,131	\$ 74,758	\$ -	\$ -	\$ -	\$ 3,875,552
Cafeteria Sales	8,980	-	-	-	4,839	-	13,819
Receipts for offenders	-	-	-	-	-	212,298	212,298
Collections from offenders	-	-	-	-	38,724	-	38,724
Charges for services	40,368	-	-	-	-	-	40,368
Equipment sold	2,160	-	-	-	-	-	2,160
Commissions	-	-	-	-	9,865	-	9,865
Reimbursement	2,000	3,289	-	-	67,672	-	72,961
Total Cash Receipts	<u>3,665,171</u>	<u>192,420</u>	<u>74,758</u>	<u>-</u>	<u>121,100</u>	<u>212,298</u>	<u>4,265,747</u>
Cash Disbursements:							
Personnel	2,643,715	225,242	-	-	-	-	2,868,957
Operating costs	638,907	15,915	-	-	22,978	36,120	713,920
Program costs	180,582	21,780	72,023	-	-	3,705	278,090
Equipment	59,250	-	-	-	-	-	59,250
Offender Disbursements:							
Offender operating costs	-	-	-	-	35,574	-	35,574
Offender recreation costs	-	-	-	-	56,812	-	56,812
Offender personal costs	-	-	-	-	-	750	750
Offender legal obligations	-	-	-	-	-	12,943	12,943
Offender payments to CBCF	-	-	-	-	-	99,057	99,057
Offender savings paid at exit	-	-	-	-	-	65,638	65,638
Total Cash Disbursements	<u>3,522,454</u>	<u>262,937</u>	<u>72,023</u>	<u>-</u>	<u>115,364</u>	<u>218,213</u>	<u>4,190,991</u>
Disbursements from prior FY (Including refund to ODRC)	<u>(97,749)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,749)</u>
Total Receipts Over/(Under) Disbursements	<u>44,968</u>	<u>(70,517)</u>	<u>2,735</u>	<u>-</u>	<u>5,736</u>	<u>(5,915)</u>	<u>(22,993)</u>
Fund Cash Balances, July 1, 2014	<u>282,851</u>	<u>131,718</u>	<u>42,627</u>	<u>16,328</u>	<u>6,063</u>	<u>7,013</u>	<u>486,600</u>
Fund Cash Balances, June 30, 2015	<u>\$ 327,819</u>	<u>\$ 61,201</u>	<u>\$ 45,362</u>	<u>\$ 16,328</u>	<u>\$ 11,799</u>	<u>\$ 1,098</u>	<u>\$ 463,607</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 142,295</u>						

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

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

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 142 offenders as of June 30, 2016. 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 year ended June 30, 2016 and 2015, the financial statement presents all funds related to the Facility.

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

The Clark County and Union County Treasurers are the custodians of the Facility's grant funds and State appropriations. The County holds these Facility assets in the County's deposit and investment pool, 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:

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.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Fund Accounting (Continued)

Federal: Reports amounts received from the Federal government, including amounts passed through ODRC. The Facility received ABLE and Title 1 funding for contracting instructors and specialists to aid in the rehabilitation of offenders.

Capital CAP 003: Reports amounts received from the 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: 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.

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 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

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 2016 and 2015 budgetary activity appears in Note 2.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2016 and 2015 follows:

2016 Budgeted vs. Actual Budgetary Basis Disbursements		
	Budgetary	
Budget	Disbursements	Variance
\$3,882,235	\$3,882,235	\$ -

2015 Budgeted vs. Actual Budgetary Basis Disbursements		
	Budgetary	
Budget	Disbursements	Variance
\$3,611,663	\$3,611,240	\$423

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 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 as of June 30, 2016 and 2015.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015
(Continued)**

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		
	2016	2015
Cash, July 1	\$327,328	\$282,359
Disbursements Against Prior Year Budget Payable to ODRC, July 1	(\$142,295)	(\$97,749)
Sub-Total	\$185,033	\$184,610
501 Cash Receipts	3,882,235	3,611,663
Budgetary Basis Disbursements	(3,882,235)	(3,611,240)
Amount Subject to Refund, June 30	\$185,032	185,033
One-Twelfth of 501 Award	(323,520)	(300,972)
Refundable to ODRC	-	-

5. RETIREMENT SYSTEM

The Facility's employees belong to the Ohio Public Employees Retirement System (OPERS). Certified teachers belong to the State Teachers Retirement System (STRS). OPERS and STRS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes plan benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10 percent of their gross salaries and the Facility contributed an amount equaling 14 percent, respectively, of participants' gross salaries. The Facility has paid all contributions required through June 30, 2016.

	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>Retirement Rates</i>			
<i>OPERS – Local</i>	<i>2015-2016</i>	<i>10%</i>	<i>14%</i>

6. RISK MANAGEMENT

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

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

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There were no significant reductions in coverage from prior years.

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 cash balances, receipts, and disbursements by fund type of West Central Community Correctional Facility, (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 December 14, 2016, wherein we noted the Facility followed accounting practices the Ohio Department of Rehabilitations and Corrections permits rather than accounting principles generally accepted in the United States of America.

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 certain matters not requiring inclusion in this report that we reported to the Facility's management in a separate letter dated December 14, 2016.

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.
December 14, 2016



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
FEBRUARY 28, 2017**