



**FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009



Mary Taylor, CPA
Auditor of State



Dave Yost • Auditor of State

January 11, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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DAVE YOST
Auditor of State

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**FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY**

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Mary Taylor, CPA
Auditor of State

Franklin County Community Based Correctional Facility
Franklin County
1745 Alum Creek Drive
Columbus, Ohio 43207

To the Members of the 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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While the Ohio Department of Rehabilitations and Corrections (ODRC) does not require your Facility 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 adverse 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 ODRC prescribes or permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 26, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Franklin County Community Based Correctional Facility
Franklin County
1745 Alum Creek Drive
Columbus, Ohio 43207

To the Members of the Facility Governing Board:

We have audited the accompanying financial statements of Franklin County Community Based Correctional Facility, Franklin County, Ohio, (the Facility) as of and for the years ended June 30, 2010 and 2009. 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 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 (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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. 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 two paragraphs, the financial statements referred to above for the years ended June 30, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Facility as of June 30, 2010 and 2009 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances and unpaid obligations of Franklin County Community Based Correctional Facility, Franklin County, as of June 30, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Facility has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. 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

November 26, 2010

**FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES
FOR THE PERIOD ENDED JUNE 30, 2010**

	State Appropriations and Grants	Offender Funds		Totals
	ODRC 501-501	Resident Program Fund	Residential Fund	
Cash Receipts:				
Intergovernmental	\$ 5,376,914	\$ -	\$ -	\$ 5,376,914
Receipts for offenders	-	-	230,072	230,072
Collections from offenders	-	16,077	-	16,077
Commissions	-	60,927	-	60,927
Reimbursement	-	34,819	-	34,819
Total Cash Receipts	5,376,914	111,823	230,072	5,718,809
Cash Disbursements:				
Personnel	4,118,556	-	-	4,118,556
Operating costs	874,014	194,768	-	1,068,782
Program costs	24,695	-	-	24,695
Equipment	6,403	-	-	6,403
Offender Disbursements:				
Offender legal obligations	-	-	2,845	2,845
Offender reimbursements	-	-	34,819	34,819
Offender subsistence fees paid	-	-	7,536	7,536
Offender resident requests	-	-	190,147	190,147
Total Cash Disbursements	5,023,668	194,768	235,347	5,453,783
Disbursements from prior fiscal year	267,435	-	-	267,435
Total Receipts Over/(Under) Disbursements	85,811	(82,945)	(5,275)	(2,409)
Fund Cash Balances, July 1, 2009	708,879	218,785	31,515	959,179
Fund Cash Balances, June 30, 2010	<u>\$ 794,690</u>	<u>\$ 135,840</u>	<u>\$ 26,240</u>	<u>\$ 956,770</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 352,113</u>			

See Accompanying Notes to the Financial Statements

**FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES
FOR THE PERIOD ENDED JUNE 30, 2009**

	State Appropriations and Grants	Offender Funds		
	ODRC 501-501	Resident Program Fund	Residential Fund	Totals
Cash Receipts:				
Intergovernmental	\$ 5,322,556	\$ -	\$ -	\$ 5,322,556
Receipts for offenders	-	-	258,277	258,277
Collections from offenders	-	31,219	-	31,219
Commissions	-	68,573	-	68,573
Reimbursement	-	34,384	-	34,384
Total Cash Receipts	5,322,556	134,176	258,277	5,715,009
Cash Disbursements:				
Personnel	4,139,941	-	-	4,139,941
Operating costs	902,836	203,466	-	1,106,302
Program costs	7,365	-	-	7,365
Equipment	4,421	-	-	4,421
Offender Disbursements:				
Offender legal obligations	-	-	10,048	10,048
Offender reimbursements	-	-	34,384	34,384
Offender subsistence fees paid	-	-	22,899	22,899
Offender resident requests	-	-	186,795	186,795
Total Cash Disbursements	5,054,563	203,466	254,126	5,512,155
Disbursements from prior fiscal year (Including refund to ODRC)	310,039	-	-	310,039
Total Receipts Over/(Under) Disbursements	(42,046)	(69,290)	4,151	(107,185)
Fund Cash Balances, July 1, 2008	750,925	288,075	27,364	1,066,364
Fund Cash Balances, June 30, 2009	<u>\$ 708,879</u>	<u>\$ 218,785</u>	<u>\$ 31,515</u>	<u>\$ 959,179</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 267,435</u>			

See Accompanying Notes to the Financial Statements

**FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Franklin County Community Based Correctional Facility, Franklin County, Ohio (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 165 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 Franklin County.

For the year ended June 30, 2010, the financial statement 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 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 Ohio Department of Rehabilitation and Corrections requires.

C. Deposits

The Franklin County Treasurer is the custodian 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.

**FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Offender Funds

Resident Program Fund: Effective October 10, 2006, HB162 established the Resident Program Fund. Upon approval of the facility governing board, the director of the CBCF may establish a Resident Program Fund. The director shall deposit in the fund all revenues received by the facility from commissions on telephone systems, commissary operations, and reimbursable costs such as per diem and medical services, and similar services.

Previously, CBCFs maintained separate Offender Per Diem, Commissary, Telephone Commission Funds as well as "Other" Funds for similar services (i.e. vending commissions). These funds have been combined to establish the Resident Program Fund.

Offender Personal Funds: This fund reported 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.

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 Franklin 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 2010 and 2009 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.

**FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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, 2010 and 2009 follows:

2010 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$5,376,914	\$5,375,781	\$1,133

2009 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$5,322,556	\$5,321,998	\$558

3. Collateral on Deposits

Grants and State Appropriations

The County Treasurer is responsible for collateralizing deposits and investments for grants and State appropriations, in addition to a portion of Resident Program Fund, the County holds as custodian for the Facility.

OFFENDER FUNDS

Deposits

The Facility has Federal Deposit Insurance Corporation coverage of \$250,000 for both funds. There are no uncollateralized amounts at June 30, 2010 or 2009.

**FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009
(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		
	2010	2009
Cash, July 1	\$708,879	\$750,925
Disbursements Against Prior Year Budget Payable to ODRC, July 1	(267,435)	(310,039)
Sub-Total	441,444	440,886
501 Cash Receipts	5,376,914	5,322,566
Budgetary Basis Disbursements	(5,375,781)	(5,321,998)
Amount Subject to Refund, June 30	442,577	441,454
One-Twelfth of 501 Award	(448,076)	(443,546)
Refundable to ODRC	-	-

5. Retirement Systems

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 2010 and 2009, OPERS members contributed 10 percent of their gross salaries and the Facility contributed an amount equaling 14 percent of participants' gross salaries. For 2010 and 2009, STRS members contributed 10 percent of their gross salaries to STRS. The Facility contributed an amount equal to 14 percent of participants' gross salaries to STRS. The Facility has paid all contributions required through June 30, 2010

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 INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Franklin County Community Based Correctional Facility
Franklin County
1745 Alum Creek Drive
Columbus, Ohio 43207

To the To the Members of the Facility Governing Board:

We have audited the financial statements of the Franklin County Community Based Correctional Facility, Franklin County, (the Facility) as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated November 26, 2010, wherein we noted the Facility followed accounting practices the Ohio Department of Rehabilitation and Corrections prescribes 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 opinions on the financial statements, but not for the purpose of opining 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 *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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

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 deficiencies in internal control that might be deficiencies, 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-001 to be a significant deficiency. 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.

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 certain matters not requiring inclusion in this report that we reported to the Facility's management in a separate letter dated November 26, 2010.

The Facility's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Facility's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Facility Governing Board, and others within the Facility. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 26, 2010

**FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2010 AND 2009**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2010-001

Resident Program Fund Accounting System - Significant Deficiency

The activity and balances of the Resident Program Fund are not transacted through a formal accounting system and maintained only on Excel worksheets by month. Monthly summaries of activity are entered into another summary worksheet to give period to date totals but they are not electronically linked. Based on the volume of activity, ability for account coding or formula error or manipulation, and the propensity for breaks in links the resulting financial statements produced are subject to greater error without the timely detection of management.

We recommend the Facility consider a computerized accounting system to transact and maintain the balances of the Resident Program Fund to accurately reflect activity on the financial statements.

Official's Response:

During the fiscal years 2009 and 2010, the Resident Fund Account was tracked and managed via an Excel spreadsheet. The CBCF is currently in the process of purchasing the business version of Quickbooks to manage this account. Quickbooks accounting software will assist in helping prevent human error.

**FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Resident Program and Residential Funds Accounting Systems and Reconciliation	No	Partially Corrected – Reissued at finding 2010-001



Mary Taylor, CPA
Auditor of State

FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY

FRANKLIN 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
JANUARY 11, 2011**