

***FRANKLIN COUNTY COMMUNITY BASED
CORRECTIONAL FACILITY
FRANKLIN COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2016 & 2015





Dave Yost • Auditor of State

Judicial Advisory Board & Facility Governing Board
Franklin County Community Based Correctional Facility
1745 Alum Creek Drive
Columbus, Ohio 43207

We have reviewed the *Independent Auditor's Report* of the Franklin County Community Based Correctional Facility, Franklin 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 Franklin County Community Based 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

March 29, 2017

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FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY, OHIO
Audit Report
For the Years Ended June 30, 2016 and 2015

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances – All Funds For the Year Ended June 30, 2016	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances – All Funds For the Year Ended June 30, 2015	4
Notes to the Financial Statements	5-8
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9-10

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REPORT OF INDEPENDENT ACCOUNTANTS

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

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 Franklin County Community Based Correctional Facility, Franklin 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 the Franklin County Community Based Correctional Facility, Franklin 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 January 25, 2017, 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.
January 25, 2017

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE PERIOD ENDED JUNE 30, 2016**

	State Appropriations and Grants	Offender Funds		
	ODRC 501-501	Resident Program Fund	Residential Fund	Total
Cash Receipts:				
Intergovernmental	\$ 5,902,357	\$ -	\$ -	\$ 5,902,357
Receipts for offenders	-	-	436,337	436,337
Commissions	-	123,819	-	123,819
Reimbursements	-	62,903	-	62,903
Total Cash Receipts	5,902,357	186,722	436,337	6,525,416
Cash Disbursements:				
Personnel	4,620,934	-	-	4,620,934
Operating costs	978,053	168,317	-	1,146,370
Program costs	4,285	-	-	4,285
Equipment	29,969	-	-	29,969
Offender Disbursements:				
Offender legal obligations	-	-	1,561	1,561
Offender reimbursements	-	-	64,825	64,825
Offender subsistence fees paid	-	-	10,397	10,397
Offender resident requests	-	-	318,200	318,200
Total Cash Disbursements	5,633,241	168,317	394,983	6,196,541
Disbursements from prior fiscal year	304,483	-	-	304,483
Total Receipts Over/(Under) Disbursements	(35,367)	18,405	41,354	24,392
Fund Cash Balances, July 1, 2015	735,933	276,277	36,815	1,049,025
Fund Cash Balances, June 30, 2016	<u>\$ 700,566</u>	<u>\$ 294,682</u>	<u>\$ 78,169</u>	<u>\$ 1,073,417</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 192,221</u>			

See accompany notes to the financial statements.

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE PERIOD ENDED JUNE 30, 2015**

	State Appropriations and Grants	Offender Funds		
	ODRC 501-501	Resident Program Fund	Residential Fund	Total
Cash Receipts:				
Intergovernmental	\$ 5,934,186	\$ -	\$ -	\$ 5,934,186
Receipts for offenders	-	-	370,235	370,235
Commissions	-	157,282	-	157,282
Reimbursements	-	59,936	-	59,936
Total Cash Receipts	5,934,186	217,218	370,235	6,521,639
Cash Disbursements:				
Personnel	4,506,657	-	-	4,506,657
Operating costs	973,749	-	-	973,749
Program costs	7,489	132,707	-	140,196
Equipment	4,705	-	-	4,705
Offender Disbursements:				
Offender legal obligations	-	-	1,210	1,210
Offender reimbursements	-	-	54,371	54,371
Offender subsistence fees paid	-	-	6,594	6,594
Offender resident requests	-	-	303,013	303,013
Total Cash Disbursements	5,492,600	132,707	365,188	5,990,495
Disbursements from prior fiscal year	313,453	-	-	313,453
Total Receipts Over/(Under) Disbursements	128,133	84,511	5,047	\$ 217,691
Fund Cash Balances, July 1, 2014	607,800	191,766	31,768	831,334
Fund Cash Balances, June 30, 2015	<u>\$ 735,933</u>	<u>\$ 276,277</u>	<u>\$ 36,815</u>	<u>\$ 1,049,025</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 345,434</u>			

See accompany notes to the financial statements.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Franklin County Community Based Correctional Facility (the Facility) is 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 up to 215 offenders of June 30, 2016. A Facility Governing Board oversees the Facility's operations. Three judges from the Franklin County Common Pleas Court comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facility Governing Board and advises the Facility Governing Board regarding Facility matters. The Facility serves Franklin County and other surrounding counties.

For the years 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 Correction. 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 include adequate disclosure of material matters the Ohio Department of Rehabilitation and Correction 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 Correction (ODRC) 501-501 Funding: ODRC grants this funding, appropriated from the State's General Fund, to the Facility to support general operating costs.

Offender Funds

Residential 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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Fund Accounting – (Continued)

Resident Program 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 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 2015 and 2016 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.

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

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

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
\$5,902,357	\$5,825,462	\$76,895

2015 Budgeted vs. Actual Budgetary Basis Disbursements		
	Budgetary	
Budget	Disbursements	Variance
\$5,934,186	\$5,838,034	\$96,152

3. COLLATERAL ON DEPOSITS AND INVESTMENTS

Grants and State Appropriations

The Franklin County Treasurer is responsible for collateralizing deposits and investments for grants and State appropriations, in addition to a portion of the 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 Offender Funds. Remaining amounts as of June 30, 2016 and 2015 were \$72,852 and \$13,092, respectively were collateralized by the banks' collateral pool.

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.

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

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

4. REFUND TO ODRC – (Continued)

Refund to ODRC		
	2016	2015
Cash, July 1	\$ 735,933	\$ 607,800
Disbursements Against Prior Year Budget	(304,483)	(313,453)
Payable to ODRC, July 1	-	-
Sub-Total	431,450	294,347
501 Cash Receipts	5,902,357	5,934,186
Budgetary Basis Disbursements	(5,825,462)	(5,838,034)
Amount Subject to Refund, June 30	508,345	390,499
One-Twelfth of 501 Award	(491,863)	(494,516)
Refundable to ODRC	\$ 16,482	\$ -

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 post-retirement 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. For 2016 and 2015, STRS members contributed 13 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, 2016.

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 year.

7. CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

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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

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

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 the Franklin County Community Based 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 January 25, 2017, wherein we noted the Facility followed accounting practices the Ohio Department of Rehabilitations and Corrections permits.

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.

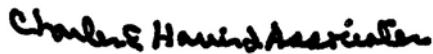
Compliance and Other Matters

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 January 25, 2017.

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.
January 25, 2017



Dave Yost • 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
APRIL 11, 2017