



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

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2012 and 2011



Dave Yost • Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Funds - For the Year Ended June 30, 2012.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Funds - For the Year Ended June 30, 2011.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Prior Audit Findings	13

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Dave Yost • Auditor of State

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:

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.

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Dave Yost
Auditor of State

March 8, 2013

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Judicial Advisory Board and 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, 2012 and 2011. 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 Ohio Department of Rehabilitation and Corrections permits. 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, 2012 and 2011 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, 2012 and 2011 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 fund cash balances and unpaid obligations of Franklin County Community Based Correctional Facility, Franklin County, as of June 30, 2012 and 2011, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2013, 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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 8, 2013

**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, 2012**

	State Appropriations and Grants	Offender Funds		
	ODRC 501-501	Resident Program Fund	Residential Fund	Total
Cash Receipts:				
Intergovernmental	\$ 5,306,756	\$ -	\$ -	\$ 5,306,756
Receipts for offenders	-	-	239,103	239,103
Collections from offenders	-	14,343	-	14,343
Commissions	-	107,227	-	107,227
Reimbursements	-	32,072	-	32,072
Total Cash Receipts	5,306,756	153,642	239,103	5,699,501
Cash Disbursements:				
Personnel	4,230,411	-	-	4,230,411
Operating costs	854,626	150,083	-	1,004,709
Program costs	6,674	-	-	6,674
Equipment	8,233	-	-	8,233
Offender Disbursements:				
Offender legal obligations	-	-	1,922	1,922
Offender reimbursements	-	-	32,072	32,072
Offender subsistence fees paid	-	-	14,343	14,343
Offender resident requests	-	-	192,540	192,540
Total Cash Disbursements	5,099,944	150,083	240,877	5,490,904
Disbursements from prior fiscal year	332,257	-	-	332,257
Total Receipts Over/(Under) Disbursements	(125,445)	3,559	(1,774)	(123,660)
Fund Cash Balances, July 1, 2011	778,784	129,489	27,620	935,893
Fund Cash Balances, June 30, 2012	<u>\$ 653,339</u>	<u>\$ 133,048</u>	<u>\$ 25,846</u>	<u>\$ 812,233</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 206,812</u>			

See accompany 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, 2011**

	State Appropriations and Grants	Offender Funds		
	ODRC 501-501	Resident Program Fund	Residential Fund	Total
Cash Receipts:				
Intergovernmental	\$ 5,303,914	\$ -	\$ -	\$ 5,303,914
Receipts for offenders	-	-	233,621	233,621
Collections from offenders	-	14,908	-	14,908
Commissions	-	87,795	-	87,795
Reimbursements	-	31,148	-	31,148
Total Cash Receipts	5,303,914	133,851	233,621	5,671,386
Cash Disbursements:				
Personnel	4,066,349	-	-	4,066,349
Operating costs	862,182	140,202	-	1,002,384
Program costs	15,245	-	-	15,245
Equipment	24,040	-	-	24,040
Offender Disbursements:				
Offender legal obligations	-	-	1,585	1,585
Offender reimbursements	-	-	31,148	31,148
Offender subsistence fees paid	-	-	14,908	14,908
Offender resident requests	-	-	184,600	184,600
Total Cash Disbursements	4,967,816	140,202	232,241	5,340,259
Disbursements from prior fiscal year	352,004	-	-	352,004
Total Receipts Over/(Under) Disbursements	(15,906)	(6,351)	1,380	-20,877
Fund Cash Balances, July 1, 2010	794,690	135,840	26,240	956,770
Fund Cash Balances, June 30, 2011	<u>\$ 778,784</u>	<u>\$ 129,489</u>	<u>\$ 27,620</u>	<u>\$935,893</u>
Unpaid Obligations/Open Purchase Orders	<u>336,098</u>			

See accompanying notes to the financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

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 580 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 years ended June 30, 2012 and 2011, the financial statements present 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, 2012 AND 2011
(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 2012 and 2011 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, 2012 AND 2011
(Continued)**

2. Budgetary Activity

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2012 and 2011 follows:

2012 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$5,306,756	\$5,306,756	

2011 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$5,303,914	\$5,303,914	

3. Collateral on Deposits

Grants and State Appropriations

The County Treasurer is responsible for collateralizing deposits 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 both funds. There are no uncollateralized amounts at June 30, 2012 or 2011.

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, 2012 AND 2011
(Continued)**

4. Refund to ODRC (Continued)

Refund to ODRC		
	2012	2011
Cash, July 1	\$ 778,784	\$ 794,690
Disbursements Against Prior Year Budget	(332,257)	(352,004)
Payable to ODRC, July 1	693	-
Sub-Total	447,220	442,686
501 Cash Receipts	5,306,756	5,303,914
Budgetary Basis Disbursements	(5,306,756)	(5,303,914)
Amount Subject to Refund, June 30	447,220	442,686
One-Twelfth of 501 Award	(442,230)	(441,993)
Refundable to ODRC	\$ 4,990	\$ 693

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 2012 and 2011, OPERS members contributed 10 percent of their gross salaries and the Facility contributed an amount equaling 14 percent of participants' gross salaries. For 2012 and 2011, 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, 2012.

6. Risk Management

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

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



Dave Yost • 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 Judicial Advisory Board and Facility Governing Board:

We have audited the financial statements of Franklin County Community Based Correctional Facility, Franklin County, (the Facility) as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated March 8, 2013, 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 the purpose of 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 internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Facility's financial statements 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 was not designed to identify all deficiencies in internal control over financial reporting 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.

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 March 8, 2013.

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

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Dave Yost
Auditor of State

March 8, 2013

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Resident Program Fund Accounting System	No	Partially Corrected- Reissued as Management Letter

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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
MAY 9, 2013