

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

AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2014 & 2013





Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Franklin County Community Based Correctional Facility, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. 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

April 3, 2015

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FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY, OHIO
Audit Report
For the Years Ended June 30, 2014 and 2013

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

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:

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, 2014 and 2013.

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 Rehabilitations 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 opinion.

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 Rehabilitations and Corrections, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2014 and 2013, 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, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions the Ohio Department of Rehabilitations 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 6, 2014, 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 6, 2014

**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, 2014**

	State Appropriations and Grants	Offender Funds		
	ODRC 501-501	Resident Program Fund	Residential Fund	Total
Cash Receipts:				
Intergovernmental	\$ 5,247,556	\$ -	\$ -	\$ 5,247,556
Receipts for offenders	-	-	292,701	292,701
Collections from offenders	-	7,075	-	7,075
Commissions	-	131,373	-	131,373
Reimbursements	-	33,956	-	33,956
Total Cash Receipts	5,247,556	172,404	292,701	5,712,661
Cash Disbursements:				
Personnel	4,185,696	-	-	4,185,696
Operating costs	827,674	116,236	-	943,910
Program costs	9,973	-	-	9,973
Equipment	82,939	-	-	82,939
Offender Disbursements:				
Offender legal obligations	-	-	1,530	1,530
Offender reimbursements	-	-	48,508	48,508
Offender subsistence fees paid	-	-	6,211	6,211
Offender resident requests	-	-	232,507	232,507
Total Cash Disbursements	5,106,282	116,236	288,756	5,511,274
Disbursements from prior fiscal year	365,147	-	-	365,147
Total Receipts Over/(Under) Disbursements	(223,873)	56,168	3,945	(163,760)
Fund Cash Balances, July 1, 2013	831,673	135,598	27,823	995,094
Fund Cash Balances, June 30, 2014	<u>\$ 607,800</u>	<u>\$ 191,766</u>	<u>\$ 31,768</u>	<u>\$ 831,334</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 331,898</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, 2013**

	State Appropriations and Grants	Offender Funds		
	ODRC 501-501	Resident Program Fund	Residential Fund	Total
Cash Receipts:				
Intergovernmental	\$ 5,303,619	\$ -	\$ -	\$ 5,303,619
Receipts for offenders	-	-	294,338	294,338
Collections from offenders	-	10,081	-	10,081
Commissions	-	94,950	-	94,950
Reimbursements	-	31,672	-	31,672
Total Cash Receipts	5,303,619	136,703	294,338	5,734,660
Cash Disbursements:				
Personnel	4,028,893	-	-	4,028,893
Operating costs	869,097	134,153	-	1,003,250
Program costs	3,180	-	-	3,180
Equipment	31,384	-	-	31,384
Offender Disbursements:				
Offender legal obligations	-	-	1,398	1,398
Offender reimbursements	-	-	45,038	45,038
Offender subsistence fees paid	-	-	8,694	8,694
Offender resident requests	-	-	237,231	237,231
Total Cash Disbursements	4,932,554	134,153	292,361	5,359,068
Disbursements from prior fiscal year	192,731	-	-	192,731
Total Receipts Over/(Under) Disbursements	178,334	2,550	1,977	182,861
Fund Cash Balances, July 1, 2012	653,339	133,048	25,846	812,233
Fund Cash Balances, June 30, 2013	<u>\$ 831,673</u>	<u>\$ 135,598</u>	<u>\$ 27,823</u>	<u>\$ 995,094</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 371,065</u>			

See accompanying notes to the financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Franklin County Community Based 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 215 offenders. A Facility 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 Facility Governing Board regarding Facility matters. The Facility serves Franklin County.

For the years ended June 30, 2014 and 2013, the financial statements 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 Correction prescribes or permits. This basis is similar to 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 Correction requires.

C. Deposits and Investments

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:

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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.

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.

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. 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.

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 2014 and 2013 budgetary activity appears in Note 2.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

1. Summary of Significant Accounting Policies (Continued)

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, 2014 and 2013 follows:

2014 Budgeted vs Actual Budgetary Basis Disbursements

Budget	Budgetary Disbursements	Variance
\$5,483,561	\$5,438,180	\$45,381

2013 Budgeted vs Actual Budgetary Basis Disbursements

Budget	Budgetary Disbursements	Variance
\$5,303,619	\$5,303,619	\$ -

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. There were no uncollateralized amounts as of June 30, 2014 and 2013.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

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

	<u>2014</u>	<u>2013</u>
Cash, July 1	\$ 831,673	\$ 653,339
Disbursement Against Prior Year Budget	(365,147)	(192,731)
Payable to ODRC, July 1	<u>(13,650)</u>	<u>(4,990)</u>
Sub Total	452,876	455,618
501 Cash Receipt	5,247,556	5,303,619
Budgetary Basis Disbursement	<u>(5,438,180)</u>	<u>(5,303,619)</u>
Amount Subject to Refund, June 30	262,252	455,618
One-Twelfth of 501 Award	<u>(437,296)</u>	<u>(441,968)</u>
Refundable to ODRC	<u>\$ -</u>	<u>\$ 13,650</u>

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 2014 and 2013, OPERS members contributed 10 percent of their gross salaries and the Facility contributed an amount equaling 14 percent of participants' gross salaries. For 2014 and 2013, STRS members contributed 11 and 10 percent, respectively, of their gross salaries and the Facility contributed an amount equaling 14 percent of participants' gross salaries. The Facility has paid all contributions required through June 30, 2014.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

5. Risk Management

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

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

There have been no significant reductions in insurance coverage from the prior fiscal years and settled claims have not exceeded this commercial coverage in any of the last three years.

6. 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 Franklin County Community Based Correctional Facility, (the Facility) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated December 6, 2014, wherein we noted the Facility followed accounting practices the Ohio Department of Rehabilitations and Corrections prescribes.

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.

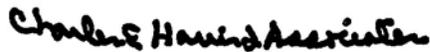
Compliance and Other Matters

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 a certain matter not requiring inclusion in this report that we reported to the Facility's management in a separate letter dated December 6, 2014.

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 6, 2014

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Dave Yost • Auditor of State

FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY

FRANKLIN

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 16, 2015**