



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

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2019 - 2018

**FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY
FRANKLIN COUNTY
JUNE 30, 2019 and June 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

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 of the cash balances, receipts and disbursements for each fund, and related notes of the Franklin County Community Based Correctional Facility, Franklin County, Ohio (the Facility) as of and for the years ended June 30, 2019 and 2018.

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 such 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 2 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis 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, 2019 and 2018, and the respective 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 cash balances, receipts and disbursements for each fund, and related notes of the Facility, as of June 30, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020, 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.



Keith Faber
Auditor of State
Columbus, Ohio

November 13, 2020

Franklin County Community Based Correctional Facility
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance
For the Period Ending June 30, 2019

	State		Offender Funds	
	Appropriations and Grants			
	ODRC 501-501	Resident Program Fund	Residential Fund	Total
Cash Receipts:				
Intergovernmental	\$ 5,833,281	\$ -	\$ -	\$ 5,833,281
Receipts for Offenders	-	-	356,483	356,483
Commissions	-	133,594	-	133,594
Reimbursements	-	65,895	-	65,895
Total Cash Receipts:	5,833,281	199,489	356,483	6,389,253
Cash Disbursements:				
Personnel	4,512,022	-	-	4,512,022
Operating Costs	692,341	95,052	-	787,393
Program Costs	-	77,865	-	77,865
Equipment	486	-	-	486
Offender Disbursements:				
Offender Legal Obligations	-	-	830	830
Offender Reimbursements	-	-	16,206	16,206
Offender Subsistence Fees Paid	-	-	2,438	2,438
Offender Resident Requests	-	-	325,271	325,271
Total Cash Disbursements:	5,204,849	172,917	344,745	5,722,511
Disbursements from Prior Fiscal Year:	189,521	-	-	189,521
Total Receipts Over (Under) Disbursements:	438,911	26,572	11,738	477,221
Fund Cash Balance July 1, 2018	848,676	277,119	13,941	1,139,736
Fund Cash Balance June 30, 2019	\$ 1,287,587	\$ 303,691	\$ 25,679	\$ 1,616,957
Unpaid Obligations/Open Purchase Orders:	\$ 545,357			

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

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Franklin County Community Based Correctional Facility

Notes to the Financial Statements

For the Year Ended June 30, 2019

Note 1 – Reporting 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 200 offenders. A Facilities Governing Board oversees the Facility's operations. Common pleas judges from the County the Facility serves compose 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.

For the year ended June 30, 2019, the financial statement presents all funds related to the Facility.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Facility's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

The Facility uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Facility are presented below:

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

Resident Program Fund ORC 2301.58 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 charged to employed offenders and medical services, and similar services. This fund pays for programs benefiting offenders such as indigent offenders' supplies and entertainment. The Resident Fund reimburses this fund for costs chargeable to Offender Funds.

Residential Fund 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.

Franklin County Community Based Correctional Facility

Notes to the Financial Statements

For the Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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.

Budgetary Process

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.

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 3 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 5.)

A summary of 2019 budgetary activity appears in Note 3.

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.

Capital Assets

The Facility records disbursements for acquisitions of capital assets when paid. The accompanying financial statements do not report these items as assets.

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.

Note 3 – Budgetary Activity

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2019 follows:

Franklin County Community Based Correctional Facility

Notes to the Financial Statements

For the Year Ended June 30, 2019

Note 3 – Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$5,833,281	\$5,750,206	\$83,075

Note 4 – Collateral on Deposits and Investments

Grants and State Appropriations The County Treasurer is responsible for collateralizing deposits and investments for grants and State appropriations the County holds as custodian for the Facility.

Offender Funds

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At June 30, 2019, \$0 of deposits were not insured or collateralized, contrary to Ohio law.

Note 5 – 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 year 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

Notes to the Financial Statements

For the Year Ended June 30, 2019

Note 5 – Refund to ODRC (Continued)

Refund to ODRC	
	2019
Cash, July 1	\$848,676
Disbursements Against Prior Year Budget	(189,521)
Payable to ODRC, July 1	(193,636)
Sub-Total	465,519
501 Cash Receipts	5,833,281
Budgetary Basis Disbursements	(5,750,206)
Amount Subject to Refund, June 30	548,594
One-Twelfth of 501 Award	(486,107)
Refundable to ODRC	\$62,487

Calculation of Payable to ODRC	
	2019
Payable, July 1	\$193,636
Cash Refunded	(49,960)
Refundable to ODRC, June 30	62,487
Payable, June 30	\$206,163

Note 6 – Risk Management

Commercial Insurance

The Facility is included in Franklin County's commercial insurance policies for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Facility's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent 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, 2019.

Franklin County Community Based Correctional Facility

Notes to the Financial Statements

For the Year Ended June 30, 2019

Note 7 – Defined Benefit Pension Plans (Continued)

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2019</i>	<i>10%</i>	<i>14%</i>

State Teachers Retirement System

The Facility’s certified teachers belong to the State Teachers Retirement System (STRS). STRS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes plan benefits, including postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. STRS members contributed 14 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, 2018.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>STRS</i>	<i>July 1, 2016 – forward</i>	<i>14%</i>	<i>14%</i>

Note 8 – Postemployment Benefits

Both OPERS and STRS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. STRS contributes 0 percent to fund these benefits.

Note 9 – Contingent Liabilities

The Facility believes there are no pending claims or lawsuits.

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Franklin County Community Based Correctional Facility
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance
For the Period Ending June 30, 2018

	State		Offender Funds	
	Appropriations and Grants			
	ODRC 501-501	Resident Program Fund	Residential Fund	Total
Cash Receipts:				
Intergovernmental	\$ 5,875,473	\$ -	\$ -	\$ 5,875,473
Receipts for Offenders	-	-	391,567	391,567
Commissions	-	115,624	-	115,624
Reimbursements	1,928	88,381	-	90,309
Total Cash Receipts:	5,877,401	204,005	391,567	6,472,973
Cash Disbursements:				
Personnel	4,751,308	-	-	4,751,308
Operating Costs	845,924	207,679	-	1,053,603
Program Costs	114,725	8,310	-	123,035
Equipment	3,794	-	-	3,794
Offender Disbursements:				
Offender Legal Obligations	-	-	1,623	1,623
Offender Reimbursements	-	-	24,462	24,462
Offender Subsistence Fees Paid	-	-	9,684	9,684
Offender Resident Requests	-	-	410,620	410,620
Total Cash Disbursements:	5,715,751	215,989	446,389	6,378,129
Disbursements from Prior Fiscal Year:	346,941	-	-	346,941
Total Receipts Over (Under) Disbursements:	(185,291)	(11,984)	(54,822)	(252,097)
Fund Cash Balance July 1, 2017	1,033,967	289,103	68,763	1,391,833
Fund Cash Balance June 30, 2018	\$ 848,676	\$ 277,119	\$ 13,941	\$ 1,139,736
Unpaid Obligations/Open Purchase Orders:	\$ 163,489			

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

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Franklin County Community Based Correctional Facility

Notes to the Financial Statements

For the Year Ended June 30, 2018

Note 1 – Reporting 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 200 offenders. A Facilities Governing Board oversees the Facility's operations. Common pleas judges from the County the Facility serves compose 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.

For the year ended June 30, 2018, the financial statement presents all funds related to the Facility.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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Residential Fund 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.

Franklin County Community Based Correctional Facility

Notes to the Financial Statements

For the Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Corrections (ODRC). 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.

Budgetary Process

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.

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 3 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 5.)

A summary of 2018 budgetary activity appears in Note 3.

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.

Capital Assets

The Facility records disbursements for acquisitions of capital assets when paid. The accompanying financial statements do not report these items as assets.

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.

Note 3 – Budgetary Activity

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2018 follows:

Franklin County Community Based Correctional Facility

Notes to the Financial Statements

For the Year Ended June 30, 2018

Note 3 – Budgetary Activity (Continued)

2018 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$5,997,606	\$5,879,240	\$118,366

Note 4 – Collateral on Deposits and Investments

Grants and State Appropriations The County Treasurer is responsible for collateralizing deposits and investments for grants and State appropriations the County holds as custodian for the Facility.

Offender Funds

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At June 30, 2018, \$0 of deposits were not insured or collateralized, contrary to Ohio law.

Note 5 – 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 year 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

Notes to the Financial Statements

For the Year Ended June 30, 2018

Note 5 – Refund to ODRC (Continued)

Refund to ODRC	
	2018
Cash, July 1	\$1,033,967
Disbursements Against Prior Year Budget	(346,941)
Payable to ODRC, July 1	(41,610)
Sub-Total	645,416
501 Cash Receipts	5,875,473
Budgetary Basis Disbursements	(5,879,240)
Amount Subject to Refund, June 30	641,649
One-Twelfth of 501 Award	(489,623)
Refundable to ODRC	<u>\$152,026</u>

Calculation of Payable to ODRC	
	2018
Payable, July 1	\$41,610
Cash Refunded	-
Refundable to ODRC, June 30	152,026
Payable, June 30	<u>\$193,636</u>

Note 6 – Risk Management

Commercial Insurance

The Facility is included in Franklin County's commercial insurance policies for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Facility's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent 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, 2018.

Franklin County Community Based Correctional Facility

Notes to the Financial Statements

For the Year Ended June 30, 2018

Note 7 – Defined Benefit Pension Plans (Continued)

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2019</i>	<i>10%</i>	<i>14%</i>

State Teachers Retirement System

The Facility's certified teachers belong to the State Teachers Retirement System (STRS). STRS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes plan benefits, including postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. STRS members contributed 14 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, 2018.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>STRS</i>	<i>July 1, 2016 – forward</i>	<i>14%</i>	<i>14%</i>

Note 8 – Postemployment Benefits

Both OPERS and STRS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. STRS contributes 0 percent to fund these benefits.

Note 9 – Contingent Liabilities

The Facility believes there are no pending claims or lawsuits.

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S 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 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 for each fund of the Franklin County Community Based Correctional Facility, Franklin County, (the Facility) as of and for the year ended June 30, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated November 13, 2020 wherein we noted the Facility followed accounting practices the Ohio Department of Rehabilitations and Corrections prescribes or 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) as a basis for designing 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. We consider finding 2019 – 001 a significant deficiency.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-002 a material weakness.

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 financial statements. 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*.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 13, 2020

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

**SCHEDULE OF FINDINGS
JUNE 30, 2019 and 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Significant Deficiency – Bank Reconciliation

In order to have sound internal controls over the Facility's cash balance, the Fiscal Officer should reconcile the book balance with the bank balance on a monthly basis. Any unreconciled items should be addressed and corrected during these monthly reconciliations.

Upon further investigation, the following discrepancy was discovered during our review of the bank reconciliations:

- The Facility had an unreconciled amount on the bank reconciliation after the audit adjustments were made to the statements; the unreconciled amount is in the Residents Program Fund for \$2,195 for fiscal year 2018 and \$2,241 for fiscal year 2019.

As a result, inaccurate financial reports are being provided to the Facility Governing Board to aid in management decisions, which could lead to errors or irregularities occurring which could go undetected by management.

We recommend the Facility's Fiscal Officer reconcile all bank accounts to the books on a timely basis. In this process all reconciling items or errors should be identified and included on the face of the reconciliation. All unreconciled balances should be researched in order to find the known source of the error. All errors should be corrected on the Facility's ledgers following the completion of the reconciliation. As a monitoring control, we recommend the monthly bank reconciliation be reviewed and approved by the Facility Governing Board and that evidence of these reviews and approvals is documented.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-002

Material Weakness - Financial Statements Presentation

Sound financial reporting is the responsibility of the Director and the Facility Governing Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Financial statement information for the ODRC 501-501 fund, Residents Program Fund and Residential Fund were prepared using a combination of the Facility's bank reconciliations, MUNIS accounting system, QuickBooks accounting records, and the Keefe Commissary systems reports for the year. Although information posted to the Facility's Ledgers is accurate, the Information was not presented accurately on the financial statements leading to multiple material adjustments effecting all funds for fiscal years ending June 30, 2019 and 2018.

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

**SCHEDULE OF FINDINGS
JUNE 30, 2019 and 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-002 (Continued)

Material Weakness - Financial Statements Presentation (Continued)

The following audit adjustments were made to the Facility's 2019 financial statements and accounting ledgers:

- ODRC 501-501 Fund:
 - Increase Beginning Balance \$848,676 to agree to ending balance at June 30, 2018.
 - Decrease Receipts to Offenders by \$5,858,281 and Increase Intergovernmental Receipts by \$5,833,281 to reclassify Receipts and agree to cash received and posted.
 - Increase Disbursements from Prior Fiscal Year \$370,071 and decrease Personnel Expense \$110 to agree to transactions made and posted.

- Residents Program Fund:
 - Decrease Beginning Fund Balance \$13,887 to agree to ending fund balance at June 30, 2018.
 - Increase Operating Cost and decrease Personnel Cost \$57,383 to properly classify expenses.
 - Decrease Program Cost \$2,513 for errors noted between the ledgers and financial statements.
 - Increase Reimbursement receipts \$11,181 to agree the financial statements to what was received and posted.
 - Decrease Ending Fund Balance \$226 to properly total financial statements balances.

- Residential Fund:
 - Decrease Beginning Fund Balance \$18,363 to agree to ending fund balance at June 30, 2018.
 - Increase Offender resident requests expenditures \$41,730 and Receipts for Offenders \$31,507 to agree financial statements to transactions made and posted.
 - Increase ending fund balance \$27,977 to agree financial statements to ledgers and bank reconciliations.

The following errors were also noted in the note disclosures to the 2019 financial statements:

- The refund to the Ohio Department of Rehabilitations and Corrections (ODRC) calculation reported as part of the Facility's footnotes was incorrect. The Facility had reported a refundable amount of \$32,192. The refundable amount reflected in the footnotes to the financial statements should be \$62,487 with a payable at yearend of \$206,163. The footnotes have been corrected for this error.
- The Facility did not accurately reflect the Facility's budgetary disbursements or appropriations in the budgetary note disclosure. The Facility reported total budgetary expenditures for the year as \$5,826,089 and appropriations of \$5,858,281. The proper calculation should be encumbrances outstanding at yearend plus expenditures against the fiscal year 2018 grant at fiscal yearend and appropriations should match the final approved budget. The correct amounts are \$5,750,206 and \$5,833,281 respectfully and the footnote was corrected for this error.
- The Postemployment Benefits footnote was omitted during the compilation process and was included during the course of the audit to ensure completeness of the financial report.

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

**SCHEDULE OF FINDINGS
JUNE 30, 2019 and 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-002 (Continued)

Material Weakness - Financial Statements Presentation (Continued)

The following audit adjustments were made to the Facility's 2018 financial statements and accounting ledgers:

- ODRC 501-501 Fund:
 - Decrease Reimbursement Receipts \$137,397 and Increase Intergovernmental Receipts \$17,192 to agree financial statements to transactions made and posted.
 - Decrease Operating Cost \$82,326, decrease Personnel Cost \$63,821 and increase Disbursements from prior fiscal year \$535 to agree financial statements to transactions made and posted.

- Residents Program Fund:
 - Decrease Beginning Fund Balance \$5,579 to agree to ending fund balance at June 30, 2017.
 - Increase Operating Cost and decrease Personnel Cost \$207,679 to properly classify expenses.
 - Increase Program Cost \$8,310 to agree financial statements to transactions made and posted.

- Residential Fund:
 - Increase Offender Resident Request \$14,703 and decrease Receipts for Offenders \$287 to agree financial statements to transactions made and posted.

The following errors were also noted in the note disclosures to the 2018 financial statements:

- The refund to the Ohio Department of Rehabilitations and Corrections (ODRC) calculation reported as part of the Facility's footnotes was incorrect. The Facility had reported a refundable amount of \$71,372. The refundable amount reflected in the footnotes to the financial statements should be \$152,026 with a payable at yearend of \$193,636. The footnotes have been corrected for this error.
- The Facility did not accurately reflect the Facility's budgetary disbursements or appropriations in the budgetary note disclosure. The Facility reported total budgetary expenditures for the year as \$5,826,089. The proper calculation should be encumbrances outstanding at yearend plus expenditures against the fiscal year 2018. The correct amount is \$5,879,240, the footnote was corrected for this error.
- The Postemployment Benefits footnote was omitted during the compilation process and was included during the course of the audit to ensure completeness of the financial report.

The Facility does not have internal controls in place to help ensure receipts and expenditures are properly reported and classified on the financial statements. Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors or irregularities that may go undetected and decreases the reliability of the financial data throughout the year.

We recommend the Facility develop policies and procedures to enhance its controls over recording of transactions and financial reporting to help ensure the information accurately reflects the activity of the Facility thereby increasing the reliability of the financial data throughout the year.

Officials' Response:

We did not receive a response from Officials to this finding.

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Franklin County Community Based Correctional Facility



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Jacki Dickinson
 Executive Director

Shawn Beasy
 Deputy Director

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Financial Statement Presentation - Multiple material errors within financial report	Not corrected	The Facility has implemented a number of internal controls over financial reporting over the years including hiring a more experience fiscal staff. Although the recording of transactions within the account ledgers is accurate, there still remains multiple material errors on the financial statements. See comment 2019-002.
2017-002	Bank Reconciliation – Bank reconciliations were not completed timely and contained unreconciled differences	Partially Corrected	The Facility has implemented a number of internal controls over Bank Reconciliations over the years including hiring a more experience fiscal staff. With the addition of the more experienced fiscal staff reconciliations have been completed on a timely basis. The only remaining issue has been a reconciling difference within the Residents Program fund of approximately \$2,200 dating back to 2016. This variance remains unknown. See comment 2019-001.

OHIO AUDITOR OF STATE KEITH FABER



FRANKLIN COUNTY COMMUNITY BASED CORRECTIONAL FACILITY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 2/23/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov